



COUNTRY COMMERCIAL GUIDE

ITALY

FISCAL YEAR 2006

Prepared by the U.S. Commercial Service,
Foreign Agricultural Service,
Economic Section,
Political Section,
Labor Section,
Consular Section, and
U.S. Customs Service
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Chapter 1: Doing Business In Italy

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Market Overview

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A country of 57.6 million with an area roughly the size of Georgia and Florida, Italy is the world's sixth largest market economy, despite modest economic growth in recent years. 2003 GDP reached \$1.5 trillion (World Bank estimate), \$21,570 per capita. The IMF estimates GDP will grow only by 1.2% in 2005.

At 1.9%, consumer inflation is at its lowest level since 1999. Unemployment, at 7.6% in the first three quarters 2005, is at its lowest level since 1992. Italy has a diverse industrial and export sector, centered on machinery, textiles, leather and apparel, metal products, chemicals, and vehicles and transportation equipment. Germany and France are Italy's largest markets. Growth in exports has been hampered by diminishing competitiveness vis-à-vis lower-cost producers, as Italian labor costs continue to rise.

Domestically, Italy faces several persistent problems. It suffers from sharp economic and cultural divisions between a prosperous north and center, and less-developed south. It is grappling with demographic challenges created by an aging workforce, the lowest birthrate in the world, and growing legal and illegal migration. Investment in R&D as a percentage of GDP is relatively low compared to other industrialized countries. More effective enforcement of intellectual property laws, and more stringent corporate governance and financial market oversight are needed.

Prime Minister Berlusconi's center-right government, the first government in post-war Italy to serve over four years, has successfully introduced some labor market and pension reforms, but more tax, education and judicial reforms are needed to attract foreign investment and create jobs.

Italy's confusing regulatory environment, lack of transparency, and inadequate infrastructure present challenges to U.S. investors. Cumulative U.S. investment is relatively low (\$33.4 billion at end-2004, 66% of which is in manufacturing), compared to U.S. investment in other EU 15 countries.

Through October 2005, Italy was the U.S.'s 11th largest trading partner, with bilateral trade reaching \$35.2 billion. The U.S. ran a \$16.4 billion trade deficit with Italy in 2005, with exports to Italy of \$9.4 billion and imports from Italy worth \$25.8 billion. The U.S. is Italy's third largest export market and 12th largest supplier. Major U.S. exports include aircraft and parts, optical and medical equipment, electrical machinery, pharmaceuticals, chemicals and chemical products.

Market Challenges

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Italy is bound by the European Union's regulatory regime which, depending on the product, may impose technical requirements and standards that differ from those in the U.S.. U.S. firms are advised to consult with U.S. Embassies' Commercial Service offices either in Rome or Brussels if seeking to enter Europe for the first time.

Italy's slow economic growth and persistently high budget deficits have reduced consumer and government spending. Importers are increasingly price-sensitive, so U.S. firms need to be flexible in extending payment terms (60-120 days is the norm) and in striking a balance between more liberal financing and more secure payment terms.

Italy has a fragmented distribution system nationwide, exacerbated by north-south disparities and the predominance of small, family-owned businesses. Some 92% of Italian firms are small, with the overwhelming majority employing fewer than 10 people.

Market Opportunities

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U.S. firms enjoy good opportunities in sectors in which regulatory changes are creating new demand, where they have a technological advantage over other competitors (esp. European ones) and in which Italy depends on imports to fulfill domestic demand. Product areas offering best U.S. export prospects include safety & security equipment, computers and peripherals, computer software, medical equipment, pollution control technology and equipment, automotive parts and service equipment, pet products and accessories and pleasure boats and accessories.

In the services sector, franchising offers opportunities related to the Internet, e-commerce, travel & tourism, education & training, and automotive services. The computer services sector is growing, especially for facility management services, data security protection, and business continuity and disaster recovery procedures in the banking sector. Telecommunications services for the business-to-consumer market in publishing, entertainment and travel are in demand. In addition, management consulting services, especially in human resources, corporate strategy consulting, operations management and IT offer good prospects.

In the agricultural sector, bulk and intermediate commodities (used as ingredients for Italian value-added products), seafood, hardwood and softwood, and consumer-oriented products are in demand.

Market Entry Strategy

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To be successful, Commercial Service Italy highly recommends that a U.S. firm have a resident representative (agent, distributor or subsidiary) familiar with the local business culture and language, and who is readily available to resolve servicing and other issues.

Good legal representation is also suggested. Italy's legal framework for protection of copyrights, trademarks and patents is more than adequate, according to industry groups, but piracy of some products remains an issue. Registration of designs and trademarks on an EU-wide basis can be accomplished through an inexpensive procedure.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/4033.htm>

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Italy represents a large and affluent market where knowledge of the local language and personal relationships are valued when conducting business transactions. Consequently, some form of local presence is generally required to be successful. Companies wishing to enter the Italian market might decide to use an agent or a distributor as an alternative to establishing a subsidiary. The choice depends on the nature of the product or services to be marketed in Italy. There are important distinctions in Italian law between distribution and agency agreements:

Agency Agreement: Agency contracts are governed by the Italian Civil Code and by a number of other legislative decrees. The term “commercial agent”, as a literal translation from the Italian Civil Code, does not correspond exactly to the concept of agency in common law countries. Under an agency contract the principal (manufacturer or exporter) appoints an agent as principal’s sole agent for the territory concerned, who then permanently acts for and on behalf of the principal in promoting the execution of the agreements. The agent may or may not have a special power of attorney to execute contracts, but, if so, will do so only on behalf of the principal. The contractual relationship is thus between the principal and the buyer, not the agent. The normal pattern of remuneration for an agent is either entirely by commission or partially by commission in addition to a periodic payment.

Distribution Agreement: Under Italian law a distribution agreement is one by which a manufacturer or exporter contracts with a distributor to purchase goods which the distributor then sells on the latter’s own account, usually to retailers for ultimate resale to the public. The incentive for the distributor is in the price differential between one transaction and the other. There may be variations involving the possibility of returning the unsold goods or other formulas, but the distributor always acts as the principal in the contract with the subsequent purchaser. There are no laws or regulations currently in effect in Italy providing for advance notice of termination, termination compensation, or social security payments in connection with these agreements.

Frequently, a distributorship agreement provides for exclusive sales rights. There is nothing in Italian law preventing exclusive arrangements in all or part of Italy. However, if these agreements provide for exclusive sales rights in all or part of the EU, they should be examined carefully, and with the assistance of a competent international lawyer, in light of the antitrust provisions of EU regulations.

Appointing an Agent or a Distributor

It is important to obtain specific legal advice on appointing an agent or distributor. However, some general guidelines apply and are outlined here. Italy implemented EU directive 86-653 in October 1991. As a result, Italian agency law is now in conformity with EU requirements. All agent agreements should be in writing and state the marketing area and any exclusivity arrangements. Termination of the relationship is the area that most frequently causes problems for American exporters. Generally, the civil code protects the interests of the representative. In the absence of termination provisions in a written agreement, the law provides for a minimum notice of termination of one month during the first year of the agreement, two months during the second year, three months

for the third year, four months for the fourth year, five months for the fifth year, and six months for the sixth and additional years. Parties may agree to other terms, provided the notice of termination is not less than the above. An agreement with a definite period terminates on the agreed expiration date. If the parties continue to operate under the agreement after that date, the agreement becomes an agreement of indefinite term, which can be terminated in accordance with the aforementioned notice periods. If the American principal wants to terminate the relationship, notice of termination should be given, even with a definite term contract.

The termination of an agreement without the required notice makes a U.S. principal liable for compensation. The Italian sales agent could seek to claim the amount of the commissions that would have been earned during the termination period or for the amount of actual damages suffered. In exceptional cases, and only for just cause (such as conflict of interest or fraud), an agreement may be terminated without notice provided the other party is immediately advised of the reason. In such cases, the courts may be requested to terminate the contract.

At the expiration or termination of an agreement, by whatever means, an agent who has increased the value of the business is entitled, in principle, to an adequate remuneration which cannot exceed the average of the commissions in one year. Such claims by agents are subject to an expiration period of one year.

Three kinds of distribution agreements are commonly used:

- **Exclusive distributorships**, where the distributor has the sole right to sell specified goods within a defined area;
- **Quasi-exclusive distributorships**, where the distributor sells almost all the specified products within a defined area;
- **Informal distributor arrangements**, under which the grantor imposes heavy obligations on the distributor and which would cause damage to the distributorship if the grantor terminated the agreement.

In the absence of mutual agreement, or the failure to meet contract obligations, a distribution agreement of indefinite term cannot be terminated by the grantor without reasonable notice or fair compensation. In general, grantors should consider protecting themselves by entering into agreements for definite periods rather than an indefinite period. Also, specific minimum performance clauses should be considered, such as percent of distributor's sales, minimum annual sales, and number of business contacts to be made, and grantors should propose that U.S. law and courts have jurisdiction.

A continued and close working contact between the American firm and the agent or distributor is very desirable and should be developed early in the relationship. Certain products and equipment require servicing to maintain their useful life. The U.S. exporter should determine if servicing is needed and develop a distribution network to include such servicing by qualified personnel. To build trust, loyalty, and marketing skills, U.S. producers frequently bring their agents or distributors to the United States for training and marketing assistance.

A foreign citizen wishing to establish temporary or permanent residence in Italy to administer a business or to manage a corporation should obtain a business visa for this purpose from one of the Italian Diplomatic Missions in the United States. All individuals or firms in business in Italy must be registered with the local Chamber of Commerce, Industry and Agriculture. This is a quasi-government office, operating essentially as a field office of the Ministry of Productive Activities (formerly the Ministry of Industry and Commerce). To register with this office, an agent for a foreign company must produce a power of attorney duly notarized by an Italian consular or diplomatic official in the country of the principal.

Franchising**Overview**

Franchising in Italy was formally established in 1971, with the foundation of the Italian Franchise Association (Assofranchising Italiana). The beginnings were very slow and in 1978 there were only 15 franchisers in the country. Growth has since escalated, and between 1990-1995 there was a surge in growth, with 89 percent more new brands. Local Italian franchisers have now been in operation for a number of years and have achieved both success and profitability. Some have acquired name recognition worldwide.

In spite of Italy's sluggish economic situation, franchising continues to grow at a respectable pace. According to the latest figures (2005 data from Assofranchising, http://www.assofranchising.it/informazioni_statistiche.htm), Italy has around 720 franchisers, 45,000 franchisees and counts almost 119,000 employees in the sector. The total business turnover of the Italian franchising sector was about 22,5 billion dollars (approximately 18 billion Euro). Franchising plays a significant role in the Italian economy and it is one of the few sectors to have registered a positive trend, growing steadily in recent years.

	2003	2004	2005
(U.S.D Millions)			
Total Market Size	17,236	19,673	22,501
Total Local Production	16,874	19,260	21,956
Total Exports	1,156	1,319	1,504
Total Imports	1,518	1,732	1,974
Imports from the U.S.	910	980	1,117
Exchange rate \$1=euro	0.886	0.815	0.804

The above statistics, in millions of dollars, are unofficial estimates.

The presence of foreign franchisers is relatively stable, with more than 70 foreign brands operating in Italy in 2004. Though the total number of U.S. companies in the local market is still small, U.S. franchising firms rank first among foreign companies, with more than

30 brands. U.S. franchising is recognized countrywide as the leader in the sector and is considered the primary source for innovative concepts and profits. Thus, good opportunities exist for U.S. franchisers to penetrate the Italian market successfully, if they have the flexibility to adapt to local business practices.

Market Demand

Successful new franchises have created awareness in the Italian business community of franchising as an innovative way to introduce a business concept. This perception is enhanced not only by events such as the franchising trade shows in Italy, but also by favorable publicity in leading financial and trade magazines. The Italian population has shown itself to be receptive to the fast and efficient formulas provided by franchises. At the same time, the Italian end-user is not always open to franchises for services that are traditionally strong and consolidated in the country. Nevertheless, the Italian market's receptivity to the franchising concept appears to be steadily growing, particularly in the services sector.

End-User Profile

There are considerable differences in economic characteristics among various geographic regions of the country. Northern Italy, the most developed part of the country, has a larger number of commercial, financial, and industrial enterprises and double the per capita income of the south. Similarly, among the various regions distribution of franchising is disparate, with franchising networks concentrated in northern Italy. However, there are recent indications that franchising is also gaining momentum in southern Italy, where it is perceived as a way to alleviate the effects of chronic unemployment.

Competitive Situation

Italy has an extremely fragmented distribution system. The predominance of small, family-owned stores and the disproportionately large number of point-of-sale outlets contribute to market inefficiency. The present retail system survives mainly due to the complexity and protective nature of existing regulations. However, there is now a noticeable move towards concentration in retail distribution, which creates economies of scale and more efficient management. Thus, franchising seems to be increasingly a system well suited to Italy.

U.S. franchising firms rank first among foreign companies, with more than 30 brands. The Italian business community views American franchising companies with a very open attitude and recognizes their predominance in the sector. However, smaller American franchisers trying to find Italian master licensees may find they face obstacles related to lack of name recognition in Italy and to inexperience with local business practices. The price for the master license is often unrealistic and the assistance to be provided by the franchiser is often not spelled out clearly enough. Commercial Service Italy can assist in this regard by providing introductions to the most qualified, suitable potential business partners for U.S. firms in Italy, either through one-on-one counseling and assistance, or through such events as our U.S. Pavilion at the annual Franchising and Partnership trade show in Milan, usually held during the fall each year (for more information, contact Commercial Service Italy at e-mail: Milan.Office.Box@mail.doc.gov).

Best Sales Prospects

The services sector is, by far, the one that has shown the best market potential and has been growing at a rapid pace over recent years, both in terms of franchisers and franchisees. Highly flexible, the services sector appears to offer the best prospects for new franchisers in the Italian market. It ranks first in terms of overall growth and it has the highest propensity to adopt foreign formulas. In addition, its adaptability and the generally low financial investment required make it a "hot" prospect for U.S. firms.

In 2004, there were more than 300 franchisers offering either business or consumer-related services, yielding almost 21,000 service centers with approximately 51,000 employees.

New activities stemming from the "new economy" are making a breakthrough and concepts linked to Internet, e-commerce, telecommunications and information technology have a proven record of success.

Other very promising and more consolidated areas are real estate, travel and tourism, education and training. Good opportunities could arise also in the personal care services, especially as regards seniors care, due to the more and more ageing Italian population.

The hotels and restaurants sector appears to be well suited for expansion. U.S. fast food formulas and large hotel chains appeal to local businesses eager to identify themselves with well known brands and proven successful operations.

Legal Requirements

After years of negotiations, Italy has finally signed its first franchising law, which became effective May 25, 2004. The May 6th, 2004 Law, (Legge 6 maggio 2004 n°129: "Norme per la disciplina dell'affiliazione commerciale") Regulations for the discipline of franchising, was published in the Official Gazette of the Italian Republic on May 24th, 2004 (Gazzetta Ufficiale n° 120 del 24 maggio 2004).

The law sets general guidelines governing franchising contracts. A comprehensive translation of the law is available on our website
<http://www.buyusa.gov/italy/en/franchisinglaw.html>.

A decree on the discipline of franchising (decreto 2 settembre 2005 n°204) was published in the Official Gazette of the Italian Republic on October, 4th, 2005 n° 231 ("Regolamento recante norme per la disciplina dell'affiliazione commerciale di cui all'art. 4 comma 2 della Legge 6 maggio 2004 n°129").

In Italy, a franchising agreement is governed by general contract law principles and is considered a bilateral agreement between separate business enterprises resulting in "collaboration", not "association", between parties. Franchising agreements are subject to the laws governing commercial contracts in general and to those governing sales of trademark licensing agreements in particular. The Italian Franchising Association (Assofranchising) has established a set of rules, which reflect standards prevailing in the Italian business community and are often taken into consideration in legal proceedings.

The development of the European Union has stimulated harmonization of trade, tariffs, legal requirements, standards and procedures. There are no trade barriers or limitations to the importation of U.S. franchise business methods in Italy. However, it is advisable that contracts be written in great detail when entering into an agreement with a master licensee.

The average validity of a franchising contract in Italy is 5 years in 40 percent of cases, 3 years in 19.4 percent and 6 years in 16 percent. An entry fee is required by 51 percent of franchisers, while royalties are requested by 70 percent of master franchisers. Most of the standard contracts provide comprehensive training programs, manuals and programs of regularly scheduled workshops for franchisees.

Financing

Financing tailored to franchising activities is a concept that is gradually penetrating the local banking system. At present, some local banks have programs tailored to the specific needs of the sector, offering loans to franchising systems and setting up a specialized franchising department. Other leading banks have indicated an interest in approaching the franchising sector. However, the prevailing practice remains that financing is generally negotiated privately on a case-by-case basis between the master franchiser and the franchisees. Over 50 percent of the franchisers offer financing and leasing programs. Virtually all franchisees pay entry fees, royalties and contribute to advertising expenditures. Close to 80 percent of franchisers grant exclusive area contracts, while 46 percent require total inventory turnover with a contractually based mark-up. More than 70 percent of the large companies offer assistance in the way of operations manuals, computerized management programs, assistance for the opening of the points of sale, as well as training seminars. Most companies hold annual conventions and provide newsletters and comprehensive assistance programs. The cost of a franchise varies from a minimum of \$10,000 to an average cost of \$100,000 and can be as high as \$300,000 or more.

Direct Marketing

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There are many logistical problems of operating a nationwide sales network as well as managing the growing personnel and promotion costs. Marketing firms are developing new distribution techniques designed to employ part time and casual workers and to target groups of consumers by catalog, door-to-door sales, teleshopping or telemarketing. The most widely used methods of direct marketing are:

- Direct selling, mainly used in the nonfood sector.
- Mail order, catalog sales, or orders placed directly with the supplier.

Mail order marketing has been in Italy for approximately 15 years. Although direct marketing is considered a very effective marketing technique, it still remains a modest channel of distribution for Italian companies. One of the disadvantages of this technique, which may be overlooked by foreign investors, is some delay by the postal system. However, the proliferation of couriers, and the arrival of foreign parcel delivery services now offer alternatives to the national mail system.

Telephone direct marketing is growing faster than any other selling technique. With the development of new telephone equipment, the business world has turned to the use of the facsimile, making Italy the second largest per capita user in the world.

Tele shopping (home shopping through TV) is becoming a popular sales approach to reach the consumer. There are a number of privately owned television stations, which mainly host telemarketing programs.

Telecommunications technologies are playing an increasing role in the process of restructuring the distribution system. Scanners, electronic cash registers, and display management systems are now common while only the large distribution networks are using computerized stock control systems, customer databases, and inventory control programs. The more sophisticated groups have also resorted to consulting services, resulting in technical cooperation agreements between a number of Italian and international chains.

Business Entities/Joint Ventures/Licensing

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Business operations may be carried out in all usual ways, from licensing to incorporated subsidiaries. A subsidiary is often formed to take advantage of Italian investment incentives and to limit exposure of non-Italian operations to Italian tax. A branch is sometimes chosen because of its simplicity and lower costs of formation and operation.

Forms of business enterprise:

Società per Azioni (SpA): is a company whose shareholders' liability is limited to the par value of their shares. This is the form favored by large enterprises and usually preferred by foreign investors. It is similar to the U.S. corporation.

Società a Responsabilità Limitata (Srl) is a company whose quota holders' liability is limited to the par value of their quotas. The Srl is preferred for small business concerns and closely held businesses having limited capital.

Società in nome collettivo (Snc): is a general partnership. The liability is not limited.

Società in Accomandita Semplice (Sas): is a partnership in which the liability of certain of the partners is limited by agreement to the amount of their capital contributions.

Società in Accomandita per Azioni (SApA): is an incorporated partnership in which the liability of certain partners is without limits.

Associazione in Partecipazione (or joint venture): is not specifically regulated, but Italian law provides for some kinds of contracts that can be utilized for establishing joint ventures.

A joint venture (Associazione in Partecipazione) involves the participation by a supplier of capital in the profits of the business. The operator manages the business and is solely responsible for the obligations he or she assumes toward third parties. The

person furnishing the capital is responsible for any loss in direct proportion to his or her share in the net profit, limited to the amount of his/her original investment.

Joint ventures can be one-time defined transactions with a definite duration (contractual joint venture) or a permanent cooperation between separate groups through the incorporation of a joint-stock company (corporate joint venture). Corporate joint ventures are now seen frequently in Italy.

The European Company is a legal instrument based on the European Community law that gives companies the option of forming a European Company – known formally by its Latin name of ‘Societas Europae’ (SE). An SE can operate on a European-wide basis and be governed by Community law directly applicable in all Member States.

The creation of the European Company Statute will mean in practice, that companies established in more than one Member State will be able to merge and operate throughout the EU on the basis of a single set of rules and a unified management and reporting system, which means advantages in terms of significant reductions in administrative and legal costs, a single legal structure and unified management and reporting systems.

Licensing in Italy allows foreign entities to profit from technology transfers of a formula, process or patent without the need to invest substantial capital. The Italian government imposes no exchange control limitations on the transfer of royalties abroad. Protection over the use and ownership of the technology transferred should be included in the terms of the licensing agreement.

Leasing

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As in many other countries, in Italy it has become common to lease, rather than to buy certain types of goods (machinery, vehicles, boats, etc). All the major Italian banks have their own leasing companies, which can also be used for leasing foreign manufactured goods. The leasing of foreign machines is usually arranged with Italian clients through local branch offices or agents of foreign manufacturers established to provide this type of service. Importation, payment of customs duties, and other related business formalities are usually more easily done through a firm established in Italy. Such tasks would usually be done by either an agent of the foreign manufacturer or by the Italian lessee. Because the lessee is often not willing to assume the inconvenience of handling importation of leased equipment, local representation might be necessary or advisable.

Selling to the Government

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Italy's public procurement system is bound by international obligations under both the WTO Government Procurement Agreement (GPA) and EU Public Procurement Directives. Through a series of legislative decrees enacted since the GPA became part of EU domestic law in January 1996, Italy generally has brought its domestic procurement laws into compliance with the above international obligations. Italy has over 22,000 contracting agencies at the central and local level that are subject to EU Directives on public procurement. GOI Ministries are the main central contracting agencies. At the local level, principal contracting agencies include region, provinces,

municipalities and entities controlled by the municipalities, including local healthcare authorities responsible, among other things, for hospital administration.

Invitations to bid are published in the official European Gazette and in the official Italian Gazette. The U.S. Commercial Service at the U.S. Mission to the European Union has developed a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement (www.buyusa.gov/europeanunion/). EU public procurement announcements are also available on CD ROM, which can be ordered from EU official sales agents worldwide. Alternatively, the EU's website, http://europa.eu.int/publicprocurement/info/index_en.htm offers access to EU public procurement announcements free of charge.

The Italian government does not typically purchase goods and services abroad unless they cannot be procured locally through domestic sources, which would include subsidiaries, branches and agents of American companies. In order to be considered as a source for Italian government purchases, it is recommended that the American firm be represented by an agent/distributor rather than try to deal directly with Italian government agencies.

Distribution and Sales Channels

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American business representatives will find that selling in Italy offers new challenges, but it presents no overwhelming problems. U.S. executives may find that some commercial practices differ from those in the United States, but most will be very familiar. The system of retail and wholesale distribution, for instance, centers on small, family-operated stores. Despite this phenomenon, the supermarket-type operation has gained importance, and there are a number of substantial department store operations.

Selling Factors/Techniques

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A number of U.S. firms maintain their own sales organizations in Italy. Others sell through specialized importers or appoint sales agents, who often are manufacturers' brokers. A large, well-established Italian firm with an efficient nationwide sales organization is likely to insist on an exclusive arrangement. About 7,500 U.S. firms are represented in the Italian market through agents, branches, subsidiaries, or licenses. Of these, nearly 840 have a substantial direct capital investment in the form of stock as a sole owner or partner in an enterprise. Generally, the sales territory includes all of Italy. In other cases, the territory also covers all or part of the European Union, depending on the type of product and degree of technical support needed. Italian distributors also have excellent contacts within Eastern Europe and the Mediterranean Basin.

Electronic Commerce

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Internet usage in Italy has experienced explosive growth in the past 4 years and the number of business and home Internet users has boomed. According to a recent study of the market research company IDC for Federcomin, the Federation of Information and Communication Technology Associations and companies belonging to the Italian Industrialists Association Confindustria, the number of Internet users was estimated at 19.8 million in 2002 and reached 22.6 million in 2003. This number is expected to reach 25.5 million in 2004 and 28.6 million in 2005.

Italian Internet users are relatively less mature in the use of this medium with respect to the European average, but they are rapidly catching up.

Electronic commerce applications have taken off and are experiencing very positive growth. According to the IDC study mentioned above, the total market value for e-commerce transactions in Italy, which was estimated at 29.7 billion euro in 2002 (U.S. \$35.6 billion at current exchange rate), registered revenues of 42.6 billion euro in 2003 (approximately \$51.1 billion) and is expected that it will have reached close to 73.9 billion euro in 2004 (approximately \$88.7 billion).

The main factors fueling the development of e-commerce in Italy are: 1) improved Internet access infrastructure; 2) recognition of e-commerce as a means to provide better support to customers and suppliers; 3) improved consumer protection legislation and greater confidence in online payment systems; 4) Italian legislation which recognizes the legal validity of digital signatures and digital contracts; 5) agreements between Italian banks and credit card operators to introduce Secure Electronic Transaction (SET) protocol; 6) Italian government plans for accelerating the development of a new economy culture, ICT acceptance and e-commerce adoption; 7) initiatives of trade associations, major organizations and local governments to foster innovation and to promote e-commerce, especially among small- and medium-sized enterprises; 8) a mobile phone diffusion among the highest in the world, which will enable both the business and consumer segments to take advantage of new telecom technologies for e-commerce transactions. (It is estimated that there are over 55 million mobile phone lines activated, and over 40 million cellular phone users - over 70 percent of the Italian population).

E-business is one of the areas with major growth potential over the next two years. As the number of users and companies utilizing the Internet increases, as well as increases in the volume of business conducted online and the use of information technology in process management, investments are expected to catch up in order to carry out the transition to a more advanced stage of e-business. The market research company IDC forecasts that investments in e-business enabling solutions will reach over \$13 billion by 2005 in Italy.

The next phase in the evolution of the e-business sector will require the upgrading or renewal of Italian companies' technological base, including infrastructure, applications, and their integration. Selectivity will be the key to new investments. There will be no single "killer" application stimulating users to invest in new e-business platforms and services, but rather companies will want to select among an array of solutions, adopting both internal applications (ERP, Sales Force Automation, human resources, knowledge management, e-learning) and applications for the automation of upstream and downstream relationships (supply chain management, e-procurement, e-selling, CRM, e-marketplaces) that add value to their own business model and meet their needs. Prospects for growth in these areas are good, and they should expand faster than the IT market as a whole. In addition, these applications are associated with an equally important set of enabling technologies (broadband, new generation wireless, hosting) that will be positively influenced by the development of e-business.

The growing complexity of network technologies and the need for specialized skills to implement e-business strategies is leading large and medium-sized Italian businesses to

outsource services to supplement their in-house capabilities. It is expected that American e-commerce integrators and service providers will play a key role in providing the strategy, marketing, design, and technical services associated with developing an e-business culture and with building advanced e-commerce sites.

Business-to-business (B2B) & Virtual Marketplaces - According to recent surveys, the penetration rate of the Internet in Italian enterprises in 2003 was estimated at 92 percent, one of the highest in Europe.

Sustained growth is expected in B2B e-commerce solutions. According to the mentioned IDC study for Federcomin, B2B e-commerce transactions reached 37.6 billion euro in 2003 (\$45.1 billion), and are expected to increase to over 65 billion euro in 2004 (\$70 billion) and to close to 112 billion euro in 2005 (\$134.4 billion). The most active players focusing on the implementation of B2B solutions are in the automotive, pharmaceutical, grocery, information technology, and tourism and telecommunications sectors.

The Italian Government has recently approved an Action Plan to accelerate the diffusion of the New Information and Communication Technology (NICT) in the Italian economy. Trade associations, major organizations and local governments are also actively promoting initiatives to foster innovation and to promote e-commerce among small and medium enterprises (SMEs) by offering them hosting solutions for both B2B and B2C e-commerce applications (malls, virtual marketplaces, portals, etc.).

Many smaller Italian companies with a web site still only use it to create brand awareness, offer product information, and generate leads, but this is rapidly changing. The evolution of organizational business models and strategies has created the need for increased interaction with suppliers and customers. A growing number of large and medium-sized companies are investing heavily in Intranet/Extranet infrastructure and are implementing web sales and purchasing applications to meet these needs.

Both the central and local Italian governments have implemented excellent e-procurement practices, and virtually all major Italian industrial groups are organized for e-procurement. According to a B2B study by the School of Management of the Milan Polytechnic University, e-procurement transactions reached 9.5 billion euro in 2003. It is predicted that in three years time at least half of all company purchases will be via e-procurement.

Business-to-consumer (B2C) Projects and Prospects – According to the IDC research for Federcomin, spending on B2C e-commerce reached 4.9 billion euro in 2003 and was expected to grow to 8.6 billion in 2004 and close to 23 billion in 2005. The most frequently purchased items are computers and software, books, Internet music and videos, and bookings for entertainment events, vacation and travel. New Italian Government investments to foster ICT connecting all Italian schools to the Internet, the increasing availability of inexpensive personal computers and the decreasing costs of Internet access are acting as strong driving forces for the development of the sector. More importantly, as mobile phone diffusion in Italy is among the highest in the world, the Internet consumer market is expected to be driven by the availability of web-enabled, new-generation mobile phones.

Financial Services - Banks are investing considerable resources in e-commerce applications both to sell their own consumer and corporate banking services, and to support the e-business strategies of their clients by developing virtual malls and portals and by supporting secure transactions. On-line banking is experiencing substantial growth. According to the market research companies Nielsen/Net Ratings and CommStrategy, the number of Italian clients utilizing on-line banking services was 4 million in 2003. The possibility of accessing financial markets through new generation cellular phones is expected to contribute to the development of this market. E-insurance is also registering positive results, with a growing number of clients resorting to on-line car insurance to reduce premiums that are otherwise among the highest in Europe.

E-government - An important e-government action plan, which calls for an investment of \$1.3 billion, was approved by the Italian government within the framework of the European Union's E-Europe program. It aims at offering more efficient, more integrated, and higher quality public services, as well as Internet access to information and services for all citizens. Among the actions being taken are the development of a nation-wide extranet to connect and integrate all central and local government networks; the development of specific portals for accessing different government services; issuance of one million electronic ID cards/smart cards to allow easier access to public services; increasing adoption of e-procurement at the central and local government levels; and countrywide promotion and use of digital signatures.

Internet sites for further information:

<http://www.innovazione.gov.it/eng/index.shtml> (the English version of the web site of the Italian Ministry for Innovation and Technologies)

<http://www.bakerinfo.com/ecommerce> (legal aspects of e-commerce in 33 countries)

Trade Promotion and Advertising

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Marketing and advertising are factors critical to success in the Italian market, due to the sophistication of Italian consumers.

In the past decade, advertising in Italy has experienced rapid growth in volume, importance, and sophistication. This growth in advertising has been accompanied by a proliferation of advertising agencies and an expansion of services. Along with Italian-owned agencies, there are joint ventures with other European or American firms. While some agencies specialize in specific services and media, a large number of full service agencies deal with all advertising aspects and have market research capabilities.

However, in the past few years, stagnation of the economy forced most Italian companies to reduce their advertising and promotion expenditures, and advertising agencies and related industries were hit particularly hard, making the Italian environment very difficult. Currently, reorganization and concentration prevail in the Italian advertising market. Most advertising agencies are not limiting their activities to advertising; many also have integrated divisions specialized in direct marketing, sales promotion, etc. A growing phenomenon is the recent introduction of special divisions devoted to new electronic forms of advertising.

Advertising media include newspapers (35 percent of total advertising), magazines (35 percent), radio and television (22 percent), movie theaters (2 percent), and other methods (6 percent).

Newspapers and magazines: The main means of product advertising in Italy is through daily newspapers. Newspapers work closely with advertising firms, both Italian and foreign. However, since the newspapers themselves do not maintain advertising departments, advertising firms must place their ads with special agencies commissioned by the papers to receive advertising for them.

Of about 90 daily newspapers in Italy, only a dozen or so are distributed nationwide. While some 230 Italian and foreign periodicals are on sale in Italy, only about 20 have a large circulation (see list below).

Television: Italy is served by three public television networks operated by Radiotelevisione Italiana (RAI), a government-regulated company in which the national government owns a majority interest. The three networks carry commercials all day long. There are also four major nationwide privately owned television stations. In addition, some 100 private television stations are licensed for local broadcasting.

Radio: There are three radio stations owned and operated by RAI. These are on the air for more than 340 hours weekly, and commercial time is available. In addition to the three networks, there are several national private stations and hundreds of local radio stations.

Motion Picture Theaters: A wide use of film clips is made for advertising purposes. There are some 10,000 motion picture theaters in Italy and many regularly show advertising. The rates for advertising vary according to the show time and class of the theater. Advertising is shown during every intermission. Therefore, this medium may be used to reach a wide market, while cutting across economic strata.

Posters and Billboards: Poster advertising is handled by a number of specialized companies, as is electric sign advertising, which is subject to special regulations. Poster advertisements are used on walls, along streets, in streetcars, buses, and other means of transportation to reach the consumer market. Both posters and billboards are subject to the approval of provincial authorities and to payment of a tax on poster advertising.

Show Windows and Flyers: Show window advertising is extensively used in Italy. Displays are usually attractively done and show prices of the items for sale. Advertising flyers are in common use, and street banners are used also for special occasions. Loudspeakers are used for advertising at sporting events. Direct advertising, through the distribution of gifts, samples, and price reduction coupons, is frequently used to motivate consumers.

Trade Fairs: Exhibitions are a cost-effective method to enter a foreign market and meet a wide range of buyers interested in a particular industry sector. Sales professionals find that trade fairs attract extensive buyer attendance and frequently can be used to gauge acceptance and pricing of new products and to observe the competition. In the course of a few days, a new market entrant may be able to generate more qualified and motivated prospects than by using any other sales approach. Also, fairs are useful for

finding an agent, distributor, or representative. The U.S. Department of Commerce frequently organizes U.S. pavilions at events that are identified as providing excellent prospects for American exporters. Information on participating in Italian trade fairs can be obtained from Department of Commerce Export Assistance Centers located throughout the United States.

Fiera Milano organizes an extensive variety of international shows each year, and the U.S. Department of Commerce participates in some of these events. For information about trade fairs at Fiera Milano, one of the largest international trade fair sites in the world, check out Fiera Milano's web site: www.fieramilano.com or contact the U.S. Commercial Service in Milan at +39-02-659-2260, e-mail: Milan.office.box@mail.doc.gov.

Major Italian Newspapers:

AVVENIRE
Piazza Carbonari 3
20125 Milano
Tel.: +39-02-67801
Fax: +39-02-678-0208
E-mail: lettere@avvenire.it
Web: www.avvenire.it

CORRIERE DELLA SERA
Via Solferino 28
20121 Milano
Tel.: +39-02-6339
E-mail: astronig@rcs.it
Web: www.corriere.it/

IL FOGLIO
Largo Corsia dei Servi 3
20122 Milano
Tel.: +39-02-771-2951
Fax: +39-02-781-378
E-mail: lettere@ilfoglio.it
Web: www.ilfoglio.it

Lungotevere Raffaello Sanzio 8/C
00153 Roma
Tel.: +39-06-589-0901
Fax: +39-06-5833-5499
www.ilfoglio.it
lettere@ilfoglio.it

LA GAZZETTA DEL MEZZOGIORNO

Viale Scipione l'Africano 264

70124 Bari

Tel.: +39-080-547-0400

Fax: +39-080-547-0488

www.gdmiland.it

gazzettamezzogiorno@tin.it

GAZZETTA DEL SUD

Via Uberto Bonino 15/C

98124 Messina

Tel.: +39-090-2261

Fax: +39-090-2936-359/2932-063

www.gazzettadelsud.it

info@gazzettadelsud.it

GIORNALE DI SICILIA

Via Lincoln 21

90133 Palermo

Tel.: +39-091-662-7111

Fax: +39-091-662-7280/617-7517

www.gds.it

info@gds.it

IL GIORNALE

Via Gaetano Negri 4

20123 Milano

Tel.: +39-02-85661

Fax: +39-02-7202-3859/80

www.ilgiornale.it

segreteria@ilgiornale.it

IL GIORNO

Via Stradivari 4

20121 Milano

Tel.: +39-02-277991

Fax: +39-02-2779-9537

<http://ilgiorno.quotidiano.net>

segreteria.redazione@ilgiorno.it

IL MANIFESTO

Via Tomacelli 146

00186 Roma

Tel.: +39-06-687-191

Fax: +39-06-689-2600/6871-9573

www.ilmanifesto.it

redazione@ilmanifesto.it

IL MATTINO

Via Chiatamone 65
80121 Napoli
Tel.: +39-081-794-7111
Fax: +39-081-794-7584
www.ilmattino.it

IL MESSAGGERO

Via del Tritone 152
00187 Roma
Tel.: +39-06-472-01
Fax: +39-06-472-0665
www.ilmessaggero.it
prioritaria@ilmessaggero.it

LA NAZIONE

Via Ferdinando Paolieri 2
50121 Firenze
Tel.: +39-055-249-5111
Fax: +39-055-234-3646
www.lanazione.it

L'OSSERVATORE ROMANO

00120 Città del Vaticano
Tel.: +39-06-69899310
Fax: +39-06-69883675
www.vatican.va/news_services/or/home_ita.html
ornet@ossrom.va

IL PICCOLO

Via Guido Reni 1
34123 Trieste
Tel.: +39-040-373-3111
Fax: +39-040-779-7043
www.ilpiccolo.it
piccolo@ilpiccolo.it

IL POPOLO

Piazza del Gesù 46
00186 Roma
Tel.: +39-06-69190334
Fax: +39-06-695-49354
www.ilpopolo.it
redazione@ilpopolo.it

LA REPUBBLICA
Piazza Indipendenza 11/B
00185 Roma
Tel.: +39-06-49821
Fax: +39-06-4982-2923
www.repubblica.it
larepubblica@repubblica.it

IL RESTO DEL CARLINO
Via Mattei 106
40138 Bologna
Tel.: +39-051-600-6111
Fax: +39-051-532-990
www.ilrestodelcarlino.it
segreteria.redazione@ilrestodelcarlino.it

IL SECOLO XIX
Piazza Piccapietra 21
16121 Genova
Tel.: +39-010-53881
Fax: +39-010-5388426
www.ilsecoloxix.it
redazione@ilsecoloxix.it

LA SICILIA
Viale Odorico da Pordenone 50
95126 Catania
Tel.: +39-095-330-5440
Fax: +39-095-338-073
www.lasicilia.it
segreteria@lasicilia.it

IL SOLE 24 ORE
Via Lomazzo 52
20154 Milano
Tel.: +39-02-312-055
Fax: +39-02-3022-2486
www.ilsole24ore.com
info@ilsole24ore.com

LA STAMPA
Via Marengo 32
10126 Torino
Tel.: +39-011-656-8111
Fax: +39-011-655-306
www.lastampa.it
online@lastampa.it

IL TEMPO
Piazza Colonna 366
00187 Roma
Tel.: +39-06-675-881
Fax: +39-06-675-8869
www.iltempo.it
il_tempo@infinito.it

L' UNIT À
Via dei Due Macelli 23/13
00187 Roma
Tel.: +39-06-699-461
Fax: +39-06-678-6219
www.unita.it
posta@unita.it

Major Italian Business Journals:

L'ESPRESSO
Via Po 12
00198 Roma
Tel.: +39-06-84781
Fax: +39-06-884-5167
www.espressonline.it
espresso@espressoedit.it

ITALIA OGGI
Via Marco Burigozzo 5
20122 Milano
Tel.: +39-02-5821-9207
Fax: +39-02-5831-7559
www.italiaoggi.it
italiaoggi@class.it

MILANO FINANZA
Via Marco Burigozzo 5
20122 Milano
Tel.: +39-02-5821-9237
Fax: +39-02-5831-7518
www.milanofinanza.it
mf-milanofinanza@class.it

PANORAMA
Via Mondadori 1
20090 Segrate (MI)
Tel.: +39-02-7542-2512
Fax: +39-02-7542-2769
www.panorama.it
panorama@mondatori.it

IL MONDO
Via Angelo Rizzoli 2
20123 Milano
Tel.: +39-02-2584-3784
Fax: +39-02-2584-3880
www.ilmondo.rcs.it
ilmondo@rcs.it

Largest Advertising Agency Trade Association:

AssoComunicazione:
Associazione delle Imprese di Comunicazione
Via Larga 23
20122 Milano
Tel.: +39-02-5830-7450
Fax: +39-02-5830-7147
info@assocumunicazione.it
www.assocumunicazione.it

Advertising Agencies:

Armando Testa
Via Luisa del Carretto 58
10131 Torino
Tel.: +39-011-8810111
Fax: +39-011-8810367
info@armandotesta.it
www.armandotesta.it

Young & Rubicam Italia
Piazza Eleonora Duse 2
20122 Milano
Tel.: +39-02-77321
Fax: +39-02-7600-0904
www.yr.com

McCann-Erickson Italiana S.p.A.
Via Albricci 10
20122 Milano
Tel.: +39-02-852-91
Fax: +39-02-801-207
www.mccann.com

BGS D'ARCY
Corso Galileo Ferraris 24/A
10121 Torino
Tel.: +39-011-560-1911
Fax: +39-011-517-5300
welcome@bgsdarcy.it

BGS D'ARCY (Address 2)
Via Correggio 18
20149 Milano
Tel.: +39-02-467-91
Fax: +39-02-481-8633

J. Walter Thompson S.p.A.
Via Paolo Lomazzo 19
20154 Milano
Tel: +39-02-336-341
Fax: +39-02-336-34400
jwt.Italia@jwt.com
www.jwalterthompson.com

Lowe Pirella Spa
Via Pantano 26
20122 Milano
Tel.: +39-02-857-21
Fax: +39-02-878-778
agenzia@loweworldwide.com
www.lowepirella.it

Grey Worldwide Italia S.p.A.
Via Bertani 6
20154 Milano
Tel.: +39-02-349-761
Fax: +39-02-349-76321
grey@worldwide.grey.it

Leo Burnett Company
Via Fatebenefratelli 14
20121 Milano
Tel.: +39-02-63541
Fax: +39-02-2900-5229
info@leoburnett.it
www.leoburnett.it

Euro RSCG
Via Dante 7
20123 Milano
Tel.: +39-02-8020-21
Fax: +39-02-7200-0027
eurorscgmem@eurorscg.it
www.eurorscg.com

Saatchi & Saatchi
Corso Monforte 52
20122 Milano
Tel.: +39-02-770-11
Fax: +39-02-781-196
info@saatchi.it
www.saatchi.it

Ogilvy & Mather Spa
Viale Lancetti, 29
20158 Milano
Tel.: +39-02-607-891
Fax: +39-02-6901-8107
www.ogilvy.it

Pricing

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When providing the Italian buyer with a price quote, American firms most frequently provide a quote that includes sales price plus packing costs, insurance, and freight to the named point of destination. This is called the c.i.f. price. Usually, the average Italian business representative can then determine the charges for customs, taxes, and local transportation to arrive at the final landed cost to the importer. The customary terms of sale in Italy are either cash on delivery (which is rare) or settlement 60-120 days after invoice date (more common).

Sales made on cash terms call for payment before delivery, on delivery, or shortly thereafter, that is, usually within 10 days from the date of delivery. A two to five percent discount is made for payment of the full amount of the transaction at the end of the specified period from 1 to 4 months from the date of the invoice. The length of the period depends on the commodity involved, the credit standing of the buyer, and the marketing and sales objective of the seller. A period of up to 2 years is often allowed for payment of capital goods, store equipment, trucks, and similar heavy equipment.

Italian firms indicate that some American suppliers are too rigid in their payment terms and have thus lost business to other suppliers. Financing is considered as much a competitive factor as the product itself, the delivery date, or after-sales service. While some U.S. manufacturers request payment upon receipt of the goods, more successful sellers offer terms allowing settlement of the account from 60 to 120 days following the invoice date, which is the most common practice in Italy.

The use of irrevocable letters of credit for the Italian market has declined appreciably in recent years. Although such instruments are still required by American exporters, especially when the Italian customer's credit reputation is not well known, the growing reluctance of Italian firms to provide letters of credit has required American exporters to turn to other methods to assure payment or lose the sale to other suppliers in the competitive Italian market. The Italian businessperson is reluctant to pay a high fee for a letter of credit when other suppliers or means of payment are available. American firms have put to greater use the export credit insurance and guarantee programs available through the Foreign Credit Insurance Association (FCIA).

Quotes and Payment Terms

Italian importers generally prefer price quotes on a c.i.f. basis, since they are usually familiar with the Italian customs charges and value-added taxes levied on the product at the time of importation, but may not be acquainted with U.S. costs for trucking, ocean, or air freight. Large Italian firms and department stores, however, may prefer to buy on other terms when they arrange for the shipping and insuring the goods. Quotes and invoicing are usually in terms of the currency of selling country.

American quotes, usually stated in dollars and on an f.o.b. basis, are completely acceptable to Italian buyers. The usual practice of American firms selling to a new customer is to require cash against documents for the first sale or two. After establishing credit, the importer will expect to pay by 30-, 60-, or 90-day letter of credit. In all cases, the American exporter will have to decide how to strike a balance between making the sale perhaps more easy with liberal financing terms versus striking a sale by seeking more secure payment terms. When first starting out, American firms may often find it necessary to offer their best price and payment terms in order to land the sale in the competitive international market. Later, prices may be adjusted as sales and volume permit.

The Italian buyer may request a quote or shipment of goods under INCOTERMS (International Commercial Terms). This is a set of international rules defining the important commercial terms and practices. By referencing INCOTERMS in contracts or invoices, both buyer and seller will have a uniform understanding of their responsibilities in an agreement. Copies of the 90-page publication Guide to INCOTERMS are

obtainable from ICC Publishing, 156 Fifth Avenue, New York, NY 10010, (212) 206-1150. Exporters can also obtain information from the Dun & Bradstreet Exporters' Encyclopedia.

Merchandise may be examined by the Italian importer before customs clearance for inventory purposes. Goods cannot clear customs without shipping documents and payment of any required customs duty, applicable value-added taxes, and excise taxes. These formalities must be undertaken by the importer at the time of clearing customs. Import licenses, if required, should be presented by the importer within the period for which they were issued.

Sales Service/Customer Support

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Successful marketing in Italy requires an extra measure of diligence for American companies. Whether establishing a manufacturing operation or sales branch, or appointing a commission agent, stocking distributor, or a combination agent/distributor, the American exporter must make a long-term commitment to pursuing the Italian market, maintain regular contact with the local partner, and remain conscious of customers' needs. A key factor in serving the overseas buyer is the local stocking of parts and readiness to make immediate air shipments upon request. Dependable after-sales service is essential.

An American company entering the competitive Italian market is advised to commit the resources needed to market its products appropriately. Appointment of a resident representative is extremely important. For business promotion and market knowledge, there is no effective alternative to an Italian representative who is fully familiar with the local business culture and readily available to customers. Having a local representative is particularly important when the product is complex and likely will require follow-up service or modification. Customers frequently demand personalized service; supplying it creates goodwill and often stimulates repeat sales. Technical manuals and promotional literature should be in Italian. Italy is a competitive market where reliability is important. Local representatives with solid reputations and promotional material in Italian reflect a commitment to customer service and enhance the business reputation of the American firm.

Protecting Your Intellectual Property

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The Italian legal system protects and facilitates acquisitions and disposition of all property rights, such as land, buildings, and mortgages. Laws governing physical property are adequate and enforced. The Italian Parliament enacted a long-awaited "anti-piracy" law, providing for higher criminal penalties for IPR violations. With this new legislation in place, law enforcement agencies and magistrates are empowered with more effective tools to combat piracy and according to the industry are obtaining very good results. Additional regulations implemented on "anti-piracy" generally satisfy U.S. industry. The United States government will continue to closely monitor developments in this area.

Additional information on Protection of Intellectual Property Rights is provided in Chapter 6.

Information on specific Italian firms is available from a variety of private agencies. American companies can contact their local U.S. Department of Commerce Export Assistance Center for a listing of firms offering this service. In addition, this section includes a list of Italian private sector firms that provide this service. American banks also provide credit information services.

Just as the terms of any sales offer should be presented in a clear and detailed manner, shipping documents should conform to the contract and to any samples that may have been sent to the Italian importer. Special attention should be given to the prompt observance of agreed delivery schedules, as prompt delivery may be a decisive and possibly an overriding consideration of the importer in placing additional orders. When shipping on letter of credit, all terms specified on the letter of credit must be strictly observed. If the terms are not followed, the issuing bank may not honor the letter of credit.

Italian private sector firms providing background information checks:

Dun & Bradstreet Kosmos S.p.A.
Via di Valtorta, 48
20127 Milano
Tel.: +39-02-284-551
Fax: +39-02-287-2181
www.dnb.com
Dnb_italia@dnb.com

Lince S.p.A.
Corso Vittorio Emanuele, 22
20122 Milano
Tel.: +39-02-77541
Fax: +39-02-7602-0458
<http://www.linconline.com>
lince@lince.it

Ponzi S.p.A.
Corso Monforte, 9
20122 Milano
Tel.: +39-02-7600-2821
Fax: +39-02-781-515
www.ponzi.com
ponzi@ponzi.com

Pronto Detective
Via Mart. Lager, 58
06128 Perugia
Tel.: +39-200-884433
<http://www.prontodetective.it/>

Comas
Via Mart. Di Civitella, 11
52100 Arezzo
Tel: +39-0575 26125
Tel: +39-800 126932
Fax: +39-0575 26436
<http://www.infocomas.it/>

Gestit Services
Via Zoe Fontana, 220
Centro Direzionale Tecnocittà
00131 Roma
Tel: +39-06 41780098
Tel: +39-06 41780099
Fax: +39-06 41230377
<http://www.gestitservices.it/>

Credigest Srl
Via Brodolini, 11 (loc. Grassina)
50015 Bagno A Ripoli (Firenze)
Tel: +39-055 6461633
Fax: +39-055 640150
<http://www.credigest.it/>

Euroservice
Via Sacconi, 4/b
00196 Roma
Tel: +39-06 3222767
Tel: +39-06 3222696
Fax: +39-06 3225443
<http://www.euroservices-gestionecrediti.it/>

Intellcredit SpA
Via Zoe Fontana, 220
00131 Roma
Tel: +39-06 417261
Fax: +39-06 41294069
<http://www.intellcredit.com/>

Local Professional Services

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American companies interested in setting up agencies, distributorships, licenses or joint ventures are encouraged to seek professional legal advice and counsel. The American Embassy in Rome and the individual Consulates maintain a list of lawyers (according to geographic jurisdiction) that is available to the public.

Business Service Providers are an experienced group of local firms which offer useful services to U.S. exporters and investors interested in doing business in Italy. U.S.

companies in need of such services as accountants, consultants, forwarders, etc. are encouraged to view the list of firms on the U.S. Embassy Commercial Section's website at:

<http://www.buyusa.gov/italy/en/bsp.html>

Web Resources

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<http://www.innovazione.gov.it/eng/index.shtml>

(English version of the web site of the Italian Ministry for Innovation and Technologies)

<http://www.bakerinfo.com/ecommerce>

(legal aspects of e-commerce in 33 countries)

www.fieramilano.com.

(Information about trade fairs at Fiera Milano)

<http://www.buyusa.gov/italy/en/bsp.html>

(Business Service Providers – local Italian firms which may be useful to U.S. exporters)

Major Italian Search Engines:

http://www.motoridiricerca.it/classi_it.htm (for statistics and complete list – in Italian)

<http://www.altavista.it/>

<http://www.excite.it/>

<http://www.godado.it/>

<http://www.google.it/>

<http://www.iltrovatore.it/>

<http://www.kataweb.it/>

<http://www.libero.it/>

<http://www.lycos.it/>

<http://www.msn.it/>

<http://www.supereva.it/>

<http://www.tiscali.it/>

<http://www.virgilio.it/>

<http://www.yahoo.it/>

Major Italian Newspapers:

AVVENIRE

E-mail: lettere@avvenire.it

Web: www.avvenire.it

CORRIERE DELLA SERA

E-mail: astronig@rcs.it

Web: www.corriere.it/

IL FOGLIO

E-mail: lettere@ilfoglio.it

Web: www.ilfoglio.it

LA GAZZETTA DEL MEZZOGIORNO

www.gdmiland.it

gazzettamezzogiorno@tin.it

GAZZETTA DEL SUD

www.gazzettadelsud.it

info@gazzettadelsud.it

GIORNALE DI SICILIA

www.gds.it

info@gds.it

IL GIORNALE

www.ilgiornale.it

segreteria@ilgiornale.it

IL GIORNO

<http://ilgiorno.quotidiano.net>

segreteria.redazione@ilgiorno.it

IL MANIFESTO

www.ilmanifesto.it

redazione@ilmanifesto.it

IL MATTINO

www.ilmattino.it

IL MESSAGGERO

www.ilmessaggero.it

prioritaria@ilmessaggero.it

LA NAZIONE

www.lanazione.it

L'OSSERVATORE ROMANO

www.vatican.va/news_services/or/home_ita.html

ornet@ossrom.va

IL PICCOLO

Via Guido Reni 1

www.ilpiccolo.it

piccolo@ilpiccolo.it

IL POPOLO

www.ilpopolo.it

redazione@ilpopolo.it

LA REPUBBLICA
www.repubblica.it
larepubblica@repubblica.it

IL RESTO DEL CARLINO
www.ilrestodelcarlino.it
segreteria.redazione@ilrestodelcarlino.it

IL SECOLO XIX
www.ilsecoloxix.it
redazione@ilsecoloxix.it

LA SICILIA
www.lasicilia.it
segreteria@lasicilia.it

IL SOLE 24 ORE
www.ilsole24ore.com
info@ilsole24ore.com

LA STAMPA
www.lastampa.it
online@lastampa.it

IL TEMPO
www.iltempo.it
il_tempo@infinito.it

L' UNIT Á
www.unita.it
posta@unita.it

Major Italian Business Journals:

L'ESPRESSO
www.espressonline.it
espresso@espressoedit.it

ITALIA OGGI
www.italiaoggi.it
italiaoggi@class.it

MILANO FINANZA
www.milanofinanza.it
mf-milanofinanza@class.it

PANORAMA
www.panorama.it
panorama@mondatori.it

IL MONDO

www.ilmondo.rcs.it

ilmondo@rcs.it

Largest Advertising Agency Trade Association:

AssoComunicazione:

Associazione delle Imprese di Comunicazione

info@assocumunicazione.it

www.assocumunicazione.it

Advertising Agencies:

Armando Testa

info@armandotesta.it

www.armandotesta.it

Young & Rubicam Italia

www.yr.com

McCann-Erickson Italiana S.p.A.

www.mccann.com

BGS D'ARCY

welcome@bgsdarcy.it

J. Walter Thompson S.p.A.

jwt.italia@jwt.com

www.jwalterthompson.com

Lowe Pirella Spa

agenzia@loweworldwide.com

www.lowepirella.it

Grey Worldwide Italia S.p.A.

grey@worldwide.grey.it

Leo Burnett Company

info@leoburnett.it

www.leoburnett.it

Euro RSCG

eurorscgmem@eurorscg.it

www.eurorscg.com

Saatchi & Saatchi
info@saatchi.it
www.saatchi.it

Ogilvy & Mather Spa
www.ogilvy.it

Italian private sector firms providing background information checks:

Dun & Bradstreet Kosmos S.p.A.
www.dnb.com
Dnb_italia@dnb.com

Lince S.p.A.
<http://www.linceonline.com>
lince@lince.it

Ponzi S.p.A.
www.ponzi.com
ponzi@ponzi.com

Pronto Detective
<http://www.prontodetective.it/>

Comas
<http://www.infocomas.it/>

Gestit Services
<http://www.gestitservices.it/>

Credigest Srl
<http://www.credigest.it/>

Euroservice
<http://www.euroservices-gestionecrediti.it/>

Intellcredit SpA
<http://www.intellcredit.com/>

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Chapter 4: Leading Sectors for U.S. Export and Investment

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- [Leading Sector #4 – Safety and Security Equipment \(SEC\)](#)
- [Leading Sector #5 – Telecommunication Services \(TES\)](#)
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- [Leading Sector #7 – Franchising \(FRA\)](#)
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- [Leading Sector #15 – Management Consulting Services \(MCS\)](#)
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The Italian market for agricultural imports from the world in 2004 totaled more than \$32,945 million, about 72% of which came from other EU countries. The U.S. market share was about 2 percent of world imports and about 7.5% of extra-EU imports. Italy has a population of 58 million people who spend 20% of their disposable income on food.

Consumer spending in Italy is plummeting, and Italians are starting to drastically modify their shopping patterns and purchasing behavior. ISTAT (Italy's Official Statistical Department) and ISMEA (Italy's Food and Agriculture Research Institute), just released their annual spending comparison reports which show that over the past year there has been a record drop of 3.9 % in overall retail sales, while hypermarket food sales have suffered the worst blow falling by 6.7 %. Total retail sales stood at €282,128 million in 2003. ISTAT also forecasts that food value sales are expected to increase by just 6.3% between 2003 and 2008 in constant terms, with consumers spending more on non-food. In Italy there are 1.5 million foreign residents of which the leading community is Moroccan, followed by Albanians, Romanians, Philipinos and Americans. Food retail outlets have started to cater to these consumers with more foreign and ethnic foods, but these offerings remain small in the face of traditional Italian cuisine.

The Italian population is aging and projected to decline in coming years. While living longer, Italians are having fewer children and marrying at a much later age. Also, contrary to trends across Europe, the majority of Italians continue to live in small cities and towns. This said, the combined population of Italy's three largest cities-- Rome, Milan, and Naples-- accounts for almost 20% of the Italian population. Consumer price inflation has been around 2 % per annum, but this has been accelerated by the conversion from the lira to Euro, and by the strength of the Euro against the dollar. Unemployment has remained stable at 9 %.

Continuing societal tendencies toward smaller families, later marriages, and an increasing number of women in the workforce are resulting in food retail outlets offering more ready-made, ready-to-serve products and a wider range of products. Euromonitor reports that because the emphasis in Italian households is still on fresh, rather than frozen food, shopping frequency for food is greater than in many other European markets. In the vast majority of Italian households, it is the women who take care of all the food shopping, and housewives tend to shop daily. Most housewives shop in small local grocery stores and specialist outlets, like butchers, bakeries and fishmongers. However, as a result of the rise in the female workforce and an increase in the number of large supermarkets and hypermarkets, there has been a tendency towards less frequent shopping trips. This trend is expected to grow.

Italians believe that frozen foods can be as nutritious as fresh food, and household refrigeration is widespread, the above trend towards convenience will see the frozen food industry growing significantly at the expense of canned goods. Sales of frozen foods are forecast to reach \$2.2 billion in 2005--a 43% jump from 2000. The majority of retail sales of frozen products are for frozen pizza, followed by pasta-based, fish-based and vegetable-based portions and meals. The preference for frozen over canned foods

is well defined. Annual sales of canned food for the period 2000-2005 are expected to be virtually unchanged at about \$1.5 billion.

U.S. food has developed a profitable market share in Italy. However, competition is fierce and EU import regulations are a major constraint. Italian citizens' relative affluence and higher disposable income have opened the market for other specialty food items. The pet care sector, for one, continues to expand, creating new opportunities for unique and high quality U.S. products.

Following are some of the constraints affecting the export of U.S. food products to Italy and the EU:

1. EU policy and health regulations. There are strict regulations issued by the EU to control the sale of health/dietetic and organic food products.
2. Consumer resistance to biotech products/ingredients. After the implementation of the EU regulations on biotech labeling for food and feed, all products must be labeled accordingly, with a tolerance level of 0.9 %. While this measure has created limited impact on food ingredients (whose biotech origin does not have to be reported on the final food product's label), the situation is completely different for foods. Virtually no biotech food products are sold in Italy, because of importer and supermarket chains' concern about consumer backlash.

The Italian Retail Food Sector

While Italian food marketing is still dominated by stand-alone Mom and Pop stores, modern trends are apparent with supermarkets and hypermarkets in evidence. Private labels are slowly appearing on the store shelves, however, Italy cannot yet be compared to the French or U.S. retail sector.

The north/south fragmentation within the Italian retail sector is very evident. AcNielsen reports that in 2004 there were more than 7,000 food retail stores in Italy. Over 50% of Italy's supermarkets, hypermarkets, and shopping malls are located in the North of Italy, while the south lags with fewer large retail outlets and an underdeveloped distribution network. Italian food retailing remains highly fragmented, especially in the South, which is still home to more than 70,000 traditional shops, accounting for just 12% of food sales. Historically, none of the Italian grocery store chains had national coverage from north to south, but a few years ago Rinascente and Gruppo GS, through foreign joint ventures with Auchan and Carrefour, broke the mold by starting to expand to the south. Several other large foreign retail groups are now interested in expanding their presence in the Italian market.

Best Prospects for U.S. Agricultural Exports

U.S. bulk and intermediate commodities are used as ingredients or inputs for value-added Italian products that are re-exported, such as bulk North American high-quality durum wheat used to produce pasta. Italy is one of the largest wheat importing countries in the world, as domestic production covers only a minor share of the actual processing needs. Italian wheat imports from the U.S. consist mainly of high quality durum and bread wheat to produce pasta and other typical Italian bakery products. In 2004, imports from the United States declined slightly, due to expanded domestic

supplies, but recovered in 2005, in connection to increased import needs. Prospects in the medium term indicate large U.S. exports to Italy of high quality wheat.

Italy is the world's fifth largest importer of seafood products, with an annual per capita consumption of almost 23 kg of fish and seafood. Last year Italy imported from the United States \$48.5 million in seafood products. Italy imports nearly \$2.7 billion of fish and seafood products annually, with half of its seafood imports coming from EU member states, particularly Spain.

Opportunities exist in the supply of fish, especially tuna, seafood for the canning industry, frozen fish fillets such as hake, cod and plaice (to meet the demand for convenient, ready-to-prepare products), peeled and processed shrimp, squid, cuttlefish, octopus and lobster. Opportunities also exist for berries, condiments, fruit juices, and tree nuts, all sectors that have seen growth in recent years.

Italy has a long tradition in woodworking and manufacturing products made from hardwood and softwood. The Italian wood industry imports 80 percent of the raw materials used for manufacturing finished products that are then re-exported. U.S. wood export opportunities exist for species not readily available in Europe. These include high-grade hardwood, mainly tulipwood, red alder and white and red oak, as well as other species such as ash, cherry and hard maple. Italian manufacturers are very receptive to working with new U.S. hardwood species. Well-established grading rules, efficient shipment and reliable delivery schedules from the U.S. are perceived as advantages. Italy is expected to continue importing U.S. wood products, although competition from low-cost East European suppliers is likely to increase.

Consumer-oriented exports to Italy are also on the rise. The Italian diet has become an international reference point as it combines both Continental and Mediterranean eating habits. At the same time, Italians remain fairly traditional in their food habits. Consumption trends indicate that Italian consumers are very health conscious and are willing to pay a premium for quality foods.

Trade Statistics

Wheat - Italy

Data Table:

(U.S.D millions)	U.S.	World
	Imports	Imports
2003	171	1,219
2004	201	1,266

Source: Italian official trade data

Fish & Seafood - Italy

Data Table:

(U.S.\$ millions)	U.S. Imports	World Imports
2001	45	2,722
2002	44	2,892
2003	49	3,566

Source: Italian official trade data

Hardwood - Italy

Data Table:

(U.S.\$ millions)	U.S. Imports	World Imports
2001	150	1,924
2002	136	2,006
2003	148	2,352

Source: Italian official trade data

Consumer Oriented Products

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

Reporting Country: Italy		Import	
World	2001	2002	2003
	Million U.S.D \$	Million U.S.D \$	Million U.S.D \$
	10,785	11,086	13,817

Reporting Country: Italy		Import	
United States	2001	2002	2003
	Million U.S.D \$	Million U.S.D \$	Million U.S.D \$
	113	108	162

Best High Value Product Prospects

Product	Country	2000	2001	2002	2003
WHEAT	Italy	199,369	209,669	188,719	170,879
DRIED PLUMS	Italy	19,506	18,208	15,763	14,324
CONDIMENTS	Italy	1,823	1,293	1,474	1,401
FRUIT JUICES	Italy	1,575	748	654	442
SEAFOOD	Italy	60,044	53,391	52,036	48,599
TREE NUTS	Italy	58,504	65,778	68,537	94,138

(1000s of U.S.D \$) (Source: Eurostat)

Key Italian Government Agencies

Ministero delle Politiche Agricole e Forestali (Ministry of Agriculture)

Via XX Settembre 20

00187 Roma

Tel: +39-06-46651

Ministero della Sanita' (Ministry of Health)

Piazzale Marconi 25, Palazzo Italia,

00144 Eur-Roma

Tel: +39-06-5996966

Fax: +39-06-59946217

Ministero delle Economia e delle Finanze (Ministry of Treasury)
Agenzia delle Dogane (Customs Agency)
Via M. Carucci 71,
00143 Roma
Tel. +39-06-50241

Istituto per il Commercio Estero (Italian Trade Commission)
Via Liszt 21
00144 Roma (EUR)
Tel: +39-06-59921
Fax: +39-06-5422-0066

ANEIOA (National Importers/Exporters Horticultural Association)
Via Sabotino 46
00195 Roma
Tel: +39-06-3751-5147
Fax: +39-06-372-3569

ANIPO (National Importers/Exporters Horticultural Association)
Largo Brindisi 5
00182 Roma
Tel: +39-06-7726-401
Fax: +39-06-700-4428

FEDERAGROALIMENTARE (Italian National Food Organization)
Via Gigli d'Oro 21
00186 Roma
Tel: +39-06-689-341
Fax: +39-06-689-3409

FEDERVINI (Wine Trade Assoc)
Via Mentana 2B
00185 Roma
Tel: +39-06-4469-421
Fax: +39-06-494-1566

IIAS Istituto Italiano Alimenti Surgelati (Italian Frozen Foods Association)
Via Castelfidardo 8
00185 Roma
Tel: +39-06-42741472
Fax: +39-06-42011168

UNA (Poultry Union)
Via V. Mariano 58
00189 Roma
Tel: +39-06-3325-841
Fax: +39-06-3325-2427

UNICEB (Livestock Meat Traders)
Viale dei Campioni 13
00144 Roma
Tel: +39-06-592-1241
Fax: +39-06-592-1478

UNIFI (Pasta Traders Assoc)
Via Po 102
00198 Roma
Tel: +39-06-854-3291
Fax: +39-06-841-5132

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The above statistics are unofficial estimates.			
Exchange rate \$1=euro	.088	.081	.804

The decrease in growth was mainly due to clients trying to reduce the number of new projects in order to contain costs and to vendors competitively down-pricing in order to retain their customer base. However, while there was a fall in demand for design and application development services and for training services, and very limited growth for consulting services and system integration, a good performance was registered for outsourcing services, and in particular for "selective" outsourcing services (such as applications management, desktop and network management). Together with the growing segments of Business Process Outsourcing and Business Transformation Outsourcing, they are expected to gain momentum and to be increasingly utilized as tools to promote efficient and cost-effective business operations.

Internet-related services to support intranet/extranet and e-business solutions also performed well, as did integration of Web and e-commerce solutions with ERP, supply chain management and customer relationship management solutions. Integrated ICT security is finally being perceived as a core business requirement, and ICT security spending is turning increasingly important for Italian enterprises.

Companies in vertical markets, particularly in banking, manufacturing, media, professional services, and health care, are expected to continue to invest in computer services. Public Administration is a large investor in information technology and will

continue to represent a key end-user as the Italian government attempts to advance Italy's information society.

The computer services market is heavily fragmented among over 56,000 operating companies. The 15 largest companies hold approximately 80 percent of the business, while the remaining 20 percent is divided among a plethora of small companies, often very specialized by vertical market segments and serving the needs of SMEs. The U.S. dominates the market and most major American computer services companies have opened Italian subsidiaries.

Best Products/Services

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Good development potential exists for: selective outsourcing services, internet-related services to support intranet/extranet and e-business solutions; storage management; integration of Web and e-commerce solutions with ERP, SCM and CRM; transaction and payment management, e-procurement, maintenance-repair-operating (MRO) solutions, home banking, and online financial services.

Security management policy development, policy audit, policy enforcement consulting and management support applications are expected to be in great demand. Outsourcing services such as remote monitoring and management of security technologies may also become particularly important for medium and smaller companies.

Opportunities

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The recent implementation of privacy legislation calling for security measures to protect personal data and the computer systems utilized to process them will contribute greatly to the growth of ICT security investments in all industrial and services sectors. All Italian companies will have to implement a systematic approach to security issues, including prevention, identification, monitoring of the existing security measures and the adoption of new hardware, software and services to protect their data. The need for specialized skills to implement ICT security strategies will lead Italian companies to depend on highly specialized external consulting companies offering the strategy, marketing, design, and technical products and services associated with building a secure ICT environment. Other interesting opportunities lay in the areas of business continuity and disaster recovery procedures, especially for the banking sector, and in certification authority services and digital signature related services for the Italian Public Administration.

Most Public Administration purchases are made by public tenders open to both domestic and foreign companies. Announcements of tenders on public procurements are monitored by the U.S. Mission to the European Union and can be accessed through the web page: <http://www.buyusa.gov/europeanunion>

U.S. technology and standards are highly regarded and the best opportunities for success lie with American companies offering innovative and sophisticated services. However, it is important, that U.S. companies with no direct presence in Italy team up with well-established Italian firms for distribution or partnership agreements in order to handle the burdensome bureaucratic procedure of public procurement and to maintain person-to-person contact with customers, which is essential in Italy.

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American Consulate General, Commercial Service
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Fax +39/02/6596561
Nicoletta.Postiglione@mail.doc.gov
<http://www.buyusa.it>

Ministry for Innovation and Technologies
<http://www.innovazione.gov.it/eng/index.shtml>

CONSIP – Company for the development and management of public e-procurement
<http://www.consip.it/sc/english.html>

Summary of Italy's Data Protection Code
<http://www.garanteprivacy.it/garante/doc.jsp?ID=1030925>

Federcomin - Italian Federation of companies and associations in the telecommunication, broadcasting and information technology industries
<http://www.federcomin.it/home.html>

Assinform - Italian ICT companies Association
http://www.assinform.it/english_version/_profilo_eng.htm

Assintel - Italian Software and Services companies Association
<http://www.assintel.it/>

Storage Expo/Infosecurity 2006 - The most important Italian ICT storage and security show
<http://www.infosecurity.it/index.php?lng=en>
Held in Milan every year in February. Next edition: February 8-10, 2006. 150 exhibitors and more than 5,000 visitors, 20 highly specialized conferences.

Leading Sector #2 COMPUTER SOFTWARE (CSF)

Overview

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(U.S.D Millions)	2003 (actual)	2004 (actual)	2005 (estimated)
Total Market Size	4,554	4,935	5,047
Total Local Production	2,879	3,120	3,189
Total Exports	568	620	629
Total Imports	2,243	2,435	2,488
Imports from the U.S.	1,821	1,942	1,984
Exchange rate U.S.\$/Euro:	0.886	0.815	0.804

The above statistics are unofficial estimates

*Sales by Italian subsidiaries of U.S. companies are included in Total Local Production and include sales to the captive market.

**Imports from U.S. refer to direct sales from U.S.-based suppliers or through Italian distributors.

The Italian software is one of the largest in Europe. Its value in 2005 is estimated at \$5.047 billion, a slight increase of 0.9% in Euro currency over 2004. As with most of other sectors, the Italian software market has suffered from the difficult economic situation of the past few years and it no longer records annual two-digit growth rates, as it used to do up until 2001. However, market analysts forecast a cycle of relative growth for software even as the total Information Technology market may experience a further downturn.

Application software accounts for over 60 percent of the total market, and system software for slightly less than 40 percent, with middleware accounting for approximately 63 percent of system software demand.

Large and medium-sized businesses continue to be the primary IT (Information Technology) spenders in Italy. In the past few years they have continued rationalizing and optimizing their existing infrastructures to improve productivity and obtain benefits in terms of flexibility and governance. Concerned about improving the internal flow of information, streamlining customer relationships, and expanding their markets, larger Italian firms are increasingly investing in enterprise resource planning (ERP), supply chain management (SCM), customer relationship management (CRM), and e-commerce applications. The Italian banking sector, which has been the most active in investing in new technologies, is focusing on delivery channels to give customers greater access to their banking services. The Public Administration sector is also a large investor in IT, and will remain so in the coming years as it continues to increase and improve its online services and advance Italy's information society. IT security spending is becoming more and more important for Italian enterprises in all sectors.

Italy relies heavily on foreign production of software, which accounts for 75 percent of the total market. The United States is the leading exporter of multiple platform and

application software, with a share of approximately 80 percent of imports. Once the economic climate improves, U.S. software companies should be among the main beneficiaries as the market recognizes the supremacy and innovative quality of American products.

Best Products/Services

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Demand for Open Source Systems is expected to grow considerably, as well as demand for Network & System Management solutions, with IT security solutions becoming increasingly important (including intrusion prevention and detection systems, identity management solutions, firewall software, secure content control software, internet access control tools, and security authentication, authorization and administration tools). IT management and monitoring solutions, and Application Servers as a solution for complex application integration issues are also expected to gain momentum. Enterprise resource planning (ERP) software, supply chain management (SCM) software, and customer relationship management (CRM) software will also continue to be in demand. E-commerce applications are one of the fastest growing segments, with procurement applications in the lead.

Opportunities

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The recent implementation of privacy legislation calling for security measures to protect personal data and the computer systems utilized to process them will contribute greatly to the growth of IT security investments in all industrial and services sectors. All Italian companies will have to implement a systematic approach to security issues, including prevention, identification, monitoring of the existing security measures, and adoption of new hardware, software and services to protect their data. Excellent business opportunities will be available to U.S. firms offering innovative and technologically advanced ICT security software products and experienced in advanced types of security situations and their solutions.

Most purchases by the Public Administration are made by public tenders open to both domestic and foreign companies. Announcements of tenders on public procurements are monitored by the U.S. Mission to the European Union and can be accessed through the webpage: <http://www.buyusa.gov/europeanunion>

U.S. technology and standards are highly regarded and the best opportunities for success lie with American companies offering innovative and sophisticated products. However, it is essential that U.S. companies with no direct presence in Italy team up with well-established Italian firms for distribution or partnership agreements in order to handle the burdensome bureaucratic procedure of public procurement and to maintain person-to-person contact with customers, which is essential in Italy.

Web Resources

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<http://www.buyusa.it>

Ministry for Innovation and Technologies
<http://www.innovazione.gov.it/eng/index.shtml>

CONSIP – Company for the development and management of public e-procurement
<http://www.consip.it/sc/english.html>

Summary of Italy's Data Protection Code
<http://www.garanteprivacy.it/garante/doc.jsp?ID=1030925>

Federcomin - Italian Federation of companies and associations in the telecommunication, broadcasting and information technology industries
<http://www.federcomin.it/home.html>

Assinform - Italian ICT companies Association
http://www.assinform.it/english_version/_profilo_eng.htm

Assintel - Italian Software companies Association
<http://www.assintel.it>

Storage Expo/Infosecurity 2006 - The most important Italian ICT storage and security show

<http://www.infosecurity.it/index.php?lng=en>

Held in Milan every year in February. Next edition: February 8-10, 2006. 150 exhibitors and more than 5,000 visitors, 20 highly specialized conferences.

(U.S.D Millions)	2003 (actual)	2004 (actual)	2005 (estimated)
Total Market Size	5,765	6,288	6,527
Total Local Production	4,543	4,853	5,036
Total Exports	2,935	3,100	3,216
Total Imports	4,157	4,535	4,708
Imports from the U.S.	2,017	2,210	2,294
Exchange rate U.S.D/Euro:	0.886	0.815	0.804

The above statistics are unofficial estimates.

After a difficult cycle, due to the stagnant economic situation and to downward pricing on products, in 2005 the Italian computer and peripherals sector has shown some signs of recovery, totalling an estimated value of \$6.527 billion, an increase of 2.4 in Euro currency over the previous year.

Larger companies kept consolidating and rationalizing their existing infrastructure, paying more attention to Return on Investment (ROI) and Total Cost of Ownership (TCO), while some medium-sized companies took advantage of decreasing prices to replace their computer hardware. Families also played a key role in the purchase of sophisticated PCs, supplied with multimedia, entertainment and communication devices. The computer and peripherals sector is forecast to remain one of the best prospects for U.S. imports in the next three years, especially in certain market segments.

Pressure on prices continued to be strong in 2005 and often created a great divergence between shipment trends and value trends. According to ASSINFOM, the major Italian Association of Information and Communications Technology companies, in spite of an aggregate growth in value of 6.4% in the first semester of 2005, sales in units grew 14.9 % for Personal Computers and 5.7% for large servers.

In the first semester of 2005, PC units sold (both desktops and portables) were 1,879,956, with families purchasing 385,919 units (+40.9%), a much higher growth rate than enterprises (1,494,037 units, a growth rate of 9.6%).

In the past few years, portable PCs have been gaining market share over desktops and servers. In the first semester of 2005, with over 890,300 units sold, portables grew 38.5% in volume, versus a decrease of 1.7% for desktops (905,625 units) and an increase of 15.4% for PC servers (84,025 units). Portable PCs now account for 49.6 of the PC market, doubled over 2003.

The midrange server segment and the workstation segment are facing growing competition from both mainframes and Wintel platforms, which are aggressively priced and offer continuous performance improvements and a wide range of applications. The mainframe/high end server segment continues to record considerable growth, confirming

the trend of larger enterprises to invest in the rationalization and better management of their information systems.

The storage segment and the printer segments have been stagnant, but some signs of recovery are being seen.

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The Italian IT market is far from being mature and the IT potential remains high. As soon as economic conditions improve, demand is expected to be stimulated and the market to recover. In particular, sales of notebooks, mainframes, PC servers, and higher performance midrange servers are projected to pick up.

Prospects for innovative storage solutions and computer security solutions are excellent in view of the implementation of new Italian legislation calling for more stringent data protection, data archiving, business continuity and disaster recovery procedures.

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The Italian Government is committed to modernizing the country through the development of policies for accelerating widespread acceptance and use of new information and communication technologies, both in the public and private sectors. A deep reform of the Italian public administration, based on cost-effectiveness, decentralization, transparency and simplification, is taking place, and large investments are being made at both central and local government level.

Most purchases are made by public tenders open to both domestic and foreign companies. Announcements of tenders on public procurements are monitored by the U.S. Mission to the European Union and can be accessed through the web page: <http://www.buyusa.gov/europeanunion>

U.S. technology and standards are highly regarded and the best opportunities for success will be for those American companies offering innovative and sophisticated products. However, it is important that U.S. companies team up with well-established Italian firms for distribution or joint venture agreements in order to handle the burdensome bureaucratic procedure of public procurement.

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CONSIP – Company for the development and management of public e-procurement
<http://www.consip.it/sc/english.html>

CNIPA – National Center for ICT in Public Administration
http://www.cnipa.gov.it/site/it-IT/II_Centro_Nazionale/Chi_siamo/
(in Italian only)

Assinform - Italian ICT companies Association
http://www.assinform.it/english_version/_profilo_eng.htm

Storage Expo/Infosecurity 2005 - The most important Italian ICT storage and security show
http://www.infosecurity.it/contents/storage-expo/default_e.asp
Held in Milan every year in February. Next edition: February 9-11, 2005. Close to 170 exhibitors and more than 5,000 visitors, 20 highly specialized conferences. The Commercial Service organizes a U.S. Pavilion at the Show.

Leading Sector # 4 - SAFETY AND SECURITY EQUIPMENT - (SEC)

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(USD Millions)	2003	2004	2005 (estimated)
Total Market Size	2,560	2,792	2,864
Total Local Production	2,760	3,015	3,106
Total Exports	265	296	322
Total Imports	65	73	80
Imports from the U.S.	5.6	6.2	8.6
Exchange rate \$1=euro	0.886	0.815	0.804

Data regarding security equipment is elaborated by ANCISS and statistics for the safety industry is collected by ANIMA.

Security continues to be of prime concern for both the private and public sectors in Italy and is among the Italian Government's top priorities, with a main focus on issues related to terrorism, immigration, organized crime and transportation. A particular emphasis on security in Southern Italy was put in place in the late 1990s when the Ministry of the Interior created the PON initiative (Programma Operativo Nazionale Sicurezza Per lo Sviluppo del Mezzogiorno), whose objective is to increase levels of security in Southern Italy in order to establish the right conditions for further development of these areas. Measures include the acquisition of information and physical security technologies by law enforcement agencies. Several projects have already been put into place and still others are to be completed in 2006. These projects have and will continue to be funded with EU funds.

The Italian Government has shown a strong concern for transportation security over the last several years. One of the main industries that will see increased resources for upgrades in security systems is aviation. Most of the major airports have seen or are currently undergoing substantial changes and improvements to meet standards requirements by 2006 to ensure 100 percent screening of handheld baggage. (See the airport and ground support equipment best prospect for additional information.) Maritime transport is of fundamental importance to the Italian Government as well with major investments being made in security to bring port authorities up to speed. Rail transportation will also provide opportunities as concern remains related to potential terrorist attacks and other acts of crime.

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Equipment with greatest sales potential includes airport passenger and baggage screening equipment, cargo/container scanning equipment, CCTV systems, perimeter protection systems, access control systems including biometric identification systems, fire-fighting equipment and systems, personal protection equipment, anti-intrusion systems, burglar alarms, and automated home protection solutions.

Port and maritime security has been a national priority as major port authorities install necessary technology and equipment throughout the country. The implementation stage of security plans began last year and will continue for the next few years with the installation of security equipment and upgrades. In 2004, a total of 130 million Euro (approximately \$160 million) was funded by the Italian Ministry of Transportation and Infrastructure for security upgrades, repartitioned among the major port authorities according to volume of traffic.

The biometrics industry sector should also see development within the next several years. On March 31 2004, the Italian Government created a new working group to establish guidelines for the use of biometric technologies in the public sector, and a competence center was also established to assist public administrations in the biometric area. Increased investment can be expected by several government organizations, including ministries, who intend to enhance their facility security measures. U.S. producers of biometric technology hold the largest market share.

The home security market is another promising area. A study published last year reports that approximately 1.7 million Italians are interested in acquiring an alarm system, a promising market for both foreign and domestic security companies. Only 20.8% of Italian households currently utilize some sort of home security system.

U.S. market position in the sector has improved and has further possibilities as Italian security consumers consider the U.S. security equipment industry to be a world leader in the global marketplace. U.S. security technology is considered advanced and sophisticated. Security products with new, innovative and sophisticated features are in demand, but must be supported by strong after-sales service. The presence of a nationwide service organization that can guarantee installation and maintenance will prove a definite advantage, especially because customers generally will require training, support and maintenance.

According to statistics published by the competent associations, the electronics industry stabilized in 2004, with the CCTV segment making the most strides. A relatively significant growth in imports and exports was also seen, with imports up 19 percent, confirming the strong need for security measures that remains the driving force countering economic uncertainty.

The safety market saw a minor decrease in 2005 and forecasts indicate that levels should remain relatively the same in this segment.

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Critical infrastructures will continue to receive both national and EU funding to support necessary improvements. U.S. companies interested in public tender possibilities should consult Italian ministry websites for tender information. In addition, the U.S. Mission to the European Union maintains a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement (<http://www.buyusa.gov/europeanunion/> - see Chapter 8 for more information). EU public procurement announcements are also available on CD ROM, which can be ordered from EU official sales agents worldwide. Alternatively, the EU's

website, http://www.buyusa.gov/europeanunion/tender_search.html, offers access to EU public procurement announcements free of charge.

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Trade shows:

Sicurezza and Sicurtech Expo 2006
New Milan International Fairgrounds
March 15-18, 2006

The 13th edition of the Sicurezza biennial exhibition will be held March 15-18, 2006, at the new Milan fair complex, Rho-Pero, thus it will have a much larger exhibition area with over 30,000 square meters of space. This edition will run simultaneously with the Sicurtech show, focusing on technologies for fire fighting, workplace safety and hygiene and civil defense. Both shows are organized by Fiera Milano Tech S.p.A. The U.S. Commercial Service in Italy is organizing two pavilions at these important events. Additional information regarding this trade show can be found by consulting the following website: <http://www.intelshow.com/fi/hpsicurezza6/1,4946,e,00.html>

Fiera Milano Tech Spa
<http://www.intelshow.com>

Websites and portals:

Italian Government
<http://www.governo.it/>
PON, Programma Operativo Nazionale Sicurezza Per lo Sviluppo del Mezzogiorno
(Special security program for Southern Italy)

<http://www.sicurezzasud.it/>
ANCISS: Associazione Nazionale Sicurezza ed Automazione Edifici
(National Association of Manufacturers, Installers and of security equipment - part of ANIE)
<http://www.anciss.it/>

ANIMA: Federazione delle Associazioni Nazionali dell'Industria Meccanica varia ed Affine
(Federation of the Italian Associations of Mechanical and Engineering Industries)
<http://www.anima.it/>

<http://www.securindex.com/>

<http://www.sicurezza.com/>

http://www.sicurezzaonline.it/primo_piano.htm

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Overview

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(U.S.D Millions)	2003 (actual)	2004 (actual)	2005 (estimated)
Total Market Size	36,250	40,307	42,493
Total Local Production	34,800	37,770	39,817
Total Exports	--	--	-
Total Imports	1,450	2,537	2,674
Imports from the U.S.	245	460	485
Exchange rate U.S.D/Euro:	0.886	0.815	0.804

The above statistics are unofficial estimates

The Italian market for telecommunications equipment and services is the fourth largest in Europe. In 2005, the Italian telecommunication services market is estimated at \$42.493 billion, a 4 percent growth in Euro currency over 2004.

The telecommunication service companies confirm their growth is continuing (+3.9%), if at a slower speed. In the first semester of 2005, telecommunication services were assessed at Euro 17,060 million (3.9% greater than the first semester of 2004, when they increased 5.1%). This data shows a minor, but appreciable growth in mobile services.

In the first semester of 2005, mobile services showed an estimated volume of business of Euro 8,270 million, an increase of 5.6% over the first semester of 2004 (against growth of 12% of 2003).

This data shows both the increase in active phone lines (66.4 million units in June 2005, a growth rate of 12.8% over June 2004) and an increase in the average cost per month of the line (32.2 Euro; 4.9% more than the first semester of 2004). The value-added services of the mobile network (data communication, messaging and internet access) have increased the average cost per month, moving from 15% to 19%, and have increased +31.4%

Fixed line services have increased 2.3 percent, with a total market estimated at Euro 8.790 million, after a drop in sales from the previous years.

The voice telephony component is estimated at 7.190 million Euros (+0.8%), while the remaining component of value-added services reached 1.600 million Euros, a significant increase of 9.6%.

Most growth is in wireless (mobile) communications, which continues to grow faster than wire-line (fixed) services. Italy is one of the largest mobile communications markets in Western Europe. Mobile phone diffusion in Italy is among the highest in the world, with over 63 million mobile phone lines activated, serving more than 42 million clients and equaling a penetration rate of 72 percent. The introduction of third-generation phone terminals has been very successful thanks to very aggressive promotional campaigns by the operators and the availability of new digital content.

In 2004, revenues from mobile telephone services are estimated at approximately \$22.1 billion, an increase of close to 14 percent in Euro currency over 2003, with value added services (messaging, data communication, photographic and entertainment services) within that component growing more than 40 percent over 2003.

Revenues from fixed line network telecom services, including voice telephony, data communication, Internet access and fixed line network value added services, are assessed at \$19.6 billion, a decrease of 0.6 percent in Euro currency over 2003.

With regard to Internet usage, Italy has experienced explosive growth in the past five years and the number of business and home Internet users has boomed: assessed at 25.5 million in 2004, it is estimated to have reached over 28 million in 2005. Italian Internet users are relatively less mature in the use of this medium with respect to the European average, but they are rapidly catching up. Broadband access is developing very rapidly, with 6 million users connected at the end of 2005, mainly due to the increasing offer of interactive digital content.

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For the future, it is forecast that the market will be driven by the following factors: value-added services on wireless and wire-line networks will continue to be a particularly dynamic area; quicker, better data and value-added services at substantially lower prices will be offered by an increasing number of competing operations; the continued implementation of telephone services is expected to further stimulate the data transmission and value-added services sectors as operators introduce services mainly focused on news, games and entertainment; mono and multimedia message services (MMS) will prove to be one of the most dynamic components of mobile telephone services; and use of the Internet as a business tool will open up many opportunities, especially in security and value-added services.

An area of growth will be represented by voice and data services over IP, as they become a viable alternative to the traditional Public Switched Telephone Network.

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There are lucrative business opportunities for U.S. companies with technical skills and expertise in Internet applications and services for wireless and fixed line telephony. In particular, there will be excellent prospects for services in the business-to-business market for internet banking and trading on-line, as well as in the business-to-consumer market for publishing, Internet music and videos, bookings for entertainment events, vacation and travel.

U.S. technology and standards are highly regarded and the best opportunities for success lie with American companies offering innovative and sophisticated products. However, it is essential that U.S. companies with no direct presence in Italy team up with well-established Italian firms for distribution or partnership agreements.

Most purchases by the Public Administration are made by public tenders open to both domestic and foreign companies. Announcements of tenders on public procurements are monitored by the U.S. Mission to the European Union and can be accessed through the webpage: www.buyusa.gov/europeanunion

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Ministry of Communications
<http://www.comunicazioni.it/en/index.php>

Ministry for Innovation and Technologies
<http://www.innovazione.gov.it/eng/index.shtml>

CONSIP – Company for the development and management of public e-procurement
<http://www.consip.it/sc/english.html>

Federcomin - Italian Federation of companies and associations in the
telecommunication, broadcasting and information technology industries
<http://www.federcomin.it/home.html>

Assinform - Italian ICT companies Association
http://www.assinform.it/english_version/_profilo_eng.htm

Leading Sector #6 TRAVEL AND TOURISM (TRA)**Overview**[Return to top](#)

Italy	2003	2004 (estimate)	2005 (forecast)
Total Outgoing Travel	16,140	20,265	22,850
Travel to the U.S.	1,130	1,300	1,560
Exchange rate \$1=euro	1.13	0.815	0.804
Exchange rate \$1=Euro	.886	.815	.804

*The above statistics, in millions of dollars, are unofficial estimates.

Italy ranks fourth among the world's top tourism destinations and fourth in total receipts. At the same time, Italians consider it a national tradition to take a vacation—often outside of Italy itself. In 2004, 50 percent of Italians said they took at least one vacation (up 4% from 2002), while 37.8 percent took two to four vacations (down 2.5% from 2002).

Italy has a high percentage of outbound travelers. One out of six adult Italians travels abroad every year, and all surveys indicate an increasing propensity among Italians to travel abroad. The United States has largely gained from the Italian outbound travel increase in 2004, showing a plus of 15% in the total number of Italian visitors. In 2004 travel to the U.S. from Italy ranked sixth among the world's largest markets and fourth in Europe, after the U.K., Germany and France.

Since 1997, Italy has become the sixth largest spender in international travel. The strong euro is playing a major role in favor of outbound tourism to the U.S. and this favorable situation for Italians traveling abroad is expected to continue in the next few years. Spending by Italian travelers abroad totaled \$20.5 billion in 2004, ranking sixth in the list of worldwide tourist expenditures, after those from Germany (\$71 billion), the U.S. (\$65.6 billion), the U.K. (\$55.9 billion), Japan (\$38.1 billion) and France (\$28.6 billion). Italian tourists to the U.S. are among the largest spenders, with an average per capita daily expenditure of \$126 in 2003.

In 2005, the preliminary data regarding Italian arrivals to the U.S. show an increase by over 19 percent, while a general 20 percent increase is expected for the annual data. As compared to the previous year, in 2004 Italian tourists visited an average number of 1.8 states (up 13% from 2003) and spent an average of 17 nights in the U.S. (up 49% from 2003). Although Italians are mainly individual travelers, last year a larger number bought prepaid packages, maybe due to the fact that for 37% of the total Italian visitors to the U.S., this destination was their first international trip.

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All major players in the “travel to the U.S. sector” indicate strong growth prospects from the Italian market, and America is expected to remain at the top of preferred long-haul destinations. Besides the most visited States by Italians, which invariably are New York, California and Florida, there are several emerging destinations, such as New England, Pennsylvania and the Rocky Mountain Region. The success of the latter destinations is directly related to targeted marketing and promotional efforts that the tourism authorities of those States have devoted to the Italian market

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Best prospect destinations in the Italian market include the following areas:

- New York City
- San Francisco, Los Angeles and the State of California
- Miami and the state of Florida
- Las Vegas
- Boston, Massachusetts and New England
- Philadelphia and Pennsylvania
- U.S. National Parks and surrounding areas

Best prospect activities for Italians visiting the U.S., both on leisure and on business, are:

- Dining in restaurants
- Shopping
- Sightseeing in cities
- Visiting historical places, museums
- Visiting small towns
- Visiting theme/amusement parks and national parks

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The U.S. Commercial Service promotes a U.S. Pavilion at "BIT", the leading Italian Travel & Tourism trade show. The goal is to facilitate the participation of U.S. tourism promoters and destinations in the event. For more information contact:

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Trade Associations:

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Other resources:

U.S. Department of Commerce, International Trade Administration, Office of Travel and Tourism Industries: www.tinet.ita.doc.gov/

Travel Industry Association of America: www.tia.org - www.seeamerica.org

Italian Association of Tour Operators: www.astoi.it

Leading Sector #7 FRANCHISING (FRA)

Overview

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	2003	2004	2005
(U.S.D Millions)			
Total Market Size	17,236	20,757	22,500
Total Local Production	16,874	19,260	21,96
Total Exports	1,156	1,319	1,504
Total Imports	1,518	1,732	1,975
Imports from the U.S.	910	980	1,110
Exchange rate \$1=euro	0.886	0.815	0.804

The above statistics, in millions of dollars, are unofficial estimates.

After years of negotiations, Italy finally signed its first franchising law, which became effective May 25, 2004. The May 6th, 2004 Law, (Legge 6 maggio 2004 n°129: "Norme per la disciplina dell'affiliazione commerciale" Regulations for the discipline of franchising, was published in the Official Gazette of the Italian Republic on May, 24th, 2004 (Gazzetta Ufficiale n° 120 del 24 maggio 2004).

The law set general guidelines governing franchising contracts. A comprehensive translation of the law is available on our website:

<http://www.buyusa.gov/italy/en/franchisinglaw.html>.

A decree on the discipline of franchising(decreto 2 settembre 2005 n°204) was published in the Official Gazette of the Italian Republic on October, 4th, 2005 n° 231 ("Regolamento recante norme per la disciplina dell'affiliazione commerciale di cui all'art. 4 comma 2 della Legge 6 maggio 2004 n°129").

Franchising began in Italy in 1971, when Assofranchising, the Italian Franchise Association, was established, and the first brand was launched. Franchising has come a long way in this relatively short time; according to the latest figures (2005 data from Assofranchising, http://www.assofranchising.it/informazioni_statistiche.html), Italy has around 720 franchisers, 45,000 franchisees and counts almost 119,000 employees.

Franchising plays a significant role in the Italian economy and it is one of the few sectors to have registered a positive trend, growing steadily in recent years.

The presence of foreign franchisers is relatively stable, with more than 70 foreign brands operating in Italy in 2004. Though the total number of U.S. companies in the local market is still small, U.S. franchising firms rank first among foreign companies, with more than 30 brands. U.S. franchising is recognized countrywide as the leader in the sector and is considered the primary source for innovative concepts and profits. Thus, good opportunities exist for U.S. franchisers to penetrate the Italian market successfully, if they have the flexibility to adapt to local business practices.

Successful new franchises have created awareness in the Italian business community of franchising as an innovative way to introduce a business concept. This perception is enhanced not only by events such as the franchising trade shows in Italy, but also by

favorable publicity in leading financial and trade magazines. Though most of these franchises are concentrated in northern Italy, franchising is also gaining momentum in southern Italy, where it is perceived as a way to help address the effects of chronic unemployment.

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The services sector is, by far, the one that has shown the best market potential and has been growing at a rapid pace over recent years, both in terms of franchisers and franchisees. Highly flexible, the services sector appears to offer the best prospects for new franchisers in the Italian market. It ranks first in terms of overall growth and it has the highest propensity to adopt foreign formulas. In addition, its adaptability and the generally low financial investment required make it a "hot" prospect for U.S. firms.

In 2004, there were more than 300 franchisers offering either business or consumer-related services, yielding almost 21,000 service centers with approximately 51,000 employees.

New activities stemming from the "new economy" are making a fast breakthrough and concepts linked to Internet, e-commerce, telecommunications and information technology have a proven record of success. Other very promising and more consolidated areas are real estate, travel and tourism, education and training. Good opportunities should arise also in the personal care services, especially as regards seniors care, due to the more and more ageing Italian population.

The hotels and restaurants sector appears to be well suited for expansion. U.S. fast food formulas and large hotel chains appeal to local businesses eager to identify themselves with well known brands and proven successful operations.

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There are many reasons why franchising seems to be well suited to Italy. Franchising is contributing to the modernization of the Italian distribution system and to the entry into retailing of young people with fresh and innovative ideas. Entering a franchise network may be a risky undertaking, but it is undoubtedly interesting from the point of view of self-affirmation, achieved independence and financial return. This is particularly true in the southern regions of the country, where new franchising activities have been perceived as a way to offset some of the problems created by traditionally high unemployment.

The growth figures of 5% in the short term are proof of the dynamism of the franchising sector in Italy. Both franchisers and franchisees have shown faith in this system, investing considerably in shops and service centers, mostly located in city centers, commercial districts and prestigious shopping malls. The geographic distribution of franchising activities shows a disproportion, as around two out of three are franchisers located in northern Italy, one fifth in central Italy and only one tenth in the southern regions and in the islands.

However, the way to a full exploitation of the opportunities offered by franchising still seems a long one. The size and number of businesses operating as franchises in Italy

are small when compared to the U.S. In fact, franchising operations perform only slightly more than 4 percent of total retail and services sales.

The Italian business community views American franchise companies with a very open mind and recognizes their predominance in the world marketplace. At the same time, Italian companies and investors can at times be skeptical when American franchising concepts conflict strongly with Italian cultural and traditional practices. U.S. franchisers should be aware of one of the most common pitfalls, that is, an unrealistic determination of the entry fees requested of the master licensee. In most cases, local businesspeople view the entry fee as too heavy a burden for an "intangible good". In addition, the entry fee is always the starting point for a much more expensive endeavor, the implementation of the franchising project and the creation of the network. American franchising concepts that have proven successful in other European countries and have adapted to local conditions very often have a competitive advantage over those that are totally new to Europe.

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To facilitate the participation of U.S. franchisers in the leading local trade show in the franchising sector, and help them in contacting potential master franchisees in Italy, the U.S. Commercial Service has recruited, managed and organized, for the eleventh year running, a U.S. Pavilion at the 20th Edition of "Franchising & Partnership" in Milan, in October 2005.

Ten U.S. franchisers, including major companies as Blimpie, Jani-King, KFC, and Subway International, have been part of the U.S. Pavilion at the franchising show. This show seems to be one of the best opportunities to get in touch with potential Italian partners in the sector, especially if U.S. companies request CS Italy to arrange meetings during the show.

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Trade shows:

The 4th edition of 'Rome Expo Franchising' will be held in Rome from April 7th through April 9th 2006, <http://www.ref-franchising.it/>. This is a fairly new initiative, helpful especially for those franchisers, which are interested in developing their activities in the Central-Southern part of Italy.

The 21st Edition of "Franchising & Partnership", will be held in Milan from October 20th through October 23rd 2006,
http://franchising.exports.it/manifestazione/manifestazione_EN.aspx

Trade Associations:

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Leading Sector #8 POLLUTION CONTROL EQUIPMENT AND SERVICES (POL)

Overview

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U.S.D Million

	2003	2004	2005 (estimated)
Total Market Size	4,475	4,570	5,400
Total Local Production	4,060	4,140	4,960
Total Exports	495	520	530
Total Imports	910	950	970
Imports from the U.S.	405	420	428
Exchange rate 1\$=euro	0.886	0.815	0.804

The above statistics are based on unofficial estimates.

The pollution control equipment and services market in Italy provides one of the best prospects for U.S. products, technologies, and services. Pollution continues to represent one of the most serious problems facing Italy. The Italian government fully recognizes these problems and is moving forward both at the structural level and through individual projects. The shortage of landfills has created extremely difficult situations in major Italian cities. The Ministry of Environment has implemented EU Directives 91/156 on waste, 91/689 on hazardous waste, and 94/62 and waste packaging. The Italian law is commonly referred to as the "Decreto Ronchi". The Italian legislation simplifies procedures with top priority to waste minimization, reuse, recycle and recovery with the institution of a tariff system. The Italian government, with the decree of July 2005, no. 151 has converted into law the WEEE directive 2002/96/CE. The purpose of the WEEE (Waste Electrical and Electronic Equipment) Directive is the prevention of waste electrical and electronic equipment and the reduction of the total volume of used electronic equipment for disposal. The Italian implementation of the EU Directive will increase the rate of recovery, reuse and recycling of electrical and electronic equipment. The market will offer good opportunities in the fields of water treatment, waste recycling and hazardous waste management equipment and technologies and services. Italian industrial companies are also placing increasing emphasis on waste minimization and pollution prevention in the production processes, as well as on recycling projects.

The Italian industry is largely dependent on foreign expertise for know-how in particular and U.S. products and technologies, are highly regarded. Competition in the marketplace is fierce, but demand is strong for truly innovative products and services. Moreover, Italy's strategic location in the Mediterranean Basin makes it an ideal gateway to the emerging markets of Eastern Europe North Africa, and the Middle East

Best Prospects/Services

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The United States holds approximately 40 percent of the import market for pollution control equipment and environmental services. In Italy, U.S. technology and standards are highly regarded and good opportunities exist for innovative products and technology.

Best prospects in the air pollution control sector include: catalytic and non-catalytic denitrification systems for power plants; catalyzers for the oxidation of CO₂; remote sensing equipment; testing and measurement instrumentation.

In the water treatment sector, the best prospects are: ozonation equipment; static mixers; filtering equipment for oils and thick liquids; membrane systems; tertiary water purification systems for dephosphorization, nitrification and denitrification; advanced chemical-physical urban wastewater treatment systems, sludge sterilization systems.

Best prospects in the waste/soil remediation sector include: general recycling equipment and technologies; tire recycling technologies; innovative waste-to-energy technologies, equipment for the treatment of chemical wastes (neutralizing, separating, stabilizing); hazardous slag and sludge treatment equipment; remediation technologies; analytical monitoring and processing equipment.

Opportunities

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The implementation of the EU Directive on the prevention, re-use and recycling of Waste Electrical and Electronic Equipment (WEEE) will most likely open market opportunities for U.S. firms, especially those engaged in waste management, recycling and waste recovery technologies.

The Italian Government has approved new legislation, which establishes the criteria, procedures and methods for safety and clean-up actions for environmental restoration of contaminated sites. The Italian Government has identified 40 Italian sites of "National Interest" in need of urgent clean up. It is estimated that at least 15,000 areas in Italy are currently subject to environmental investigation and remediation actions.

Italy has enacted a "Water Safeguard Law," a comprehensive reform of Italy's water quality/discharges. Italy's water collection and distribution systems, as well as its urban wastewater sewage and purification systems are clearly inadequate. It is estimated that, over the next ten years, Italy will need to invest approximately \$ 54 billion for water and wastewater treatment plants and equipment. Long-awaited water projects in Southern Italy will be implemented, facilitated by funding from the European Union.

Web Resources

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Trade Shows

TAU EXPO

January 24-27, 2006

Milan, Italy

Tau Expo is a unique venue attracting all the major players on the market of environment preservation and alternative energy. The 4-day show brings together the swelling numbers of people seeking green-friendly technology and makers of fast-forward products. Urban planning and preservation of natural resources have become priority issues.

<http://www.fieremostre.it/>

Ministry of Environment
Via Cristoforo Colombo 44
00187 Rome
Tel: (39) (06) 57221
Fax: (39) (06) 57288513
<http://www.minambiente.it/st/default.aspx>

Assoambiente (FISE)
(Association of Italian Environmental Service Companies)
Via del Poggio Laurentino, 11
00144 Rome
Tel.: (39) (06) 5921076
Fax: (39) (06) 5919955
http://www.fise.org/area_associati/download.php

For additional information you may wish to contact Leonarda Chiocchi at the U.S.
Commercial Service, Via V. Veneto 119/A, 00187 Rome. Tel. (39) 06.46742204; e-mail:
Leonarda.Chiocchi@mail.doc.gov

Leading Sector #9 MEDICAL EQUIPMENT (MED)**Overview**[Return to top](#)

Italian Healthcare	2003	2004	2005 (EST.)
Total Market Size	3,521	3,963	4,400
Total Local Production	1,500	1,693	1,800
Total Exports	361	417	500
Total Imports	2,382	2,687	2,950
Imports from the U.S.	1,133	1,190	1,250
Exchange rate \$1=euro	0.886	0.886	0.804

The above statistics, in millions of U.S. dollars, are unofficial estimates.

The Italian National Healthcare System (SSN) was established in 1978 to provide essentially free medical care at the point of use to all Italians. Thus, the SSN is by far the major healthcare provider in Italy. The Ministry of Health, through triennial national health plans, establishes the fundamental objectives of healthcare, including preventive care, therapy and rehabilitation. It defines the level of healthcare guaranteed to all citizens and issues guidelines for the organization, delivery and funding of healthcare services paid by the SSN. The latest national health plan totaled 97.3 billion dollars, with a per capita total expenditure of 1,582 dollars. The 20 Italian Regions, which have the primary role in setting and implementing healthcare policies, are responsible for developing regional health plans and for organizing and delivering healthcare services through local "Health Units". Regions, and not the central government, are responsible for any deficits and are required to cover them by instituting co-payments and increasing regional taxation. The SSN receives its funding through the National Health Fund, appropriated every year through the Government of Italy's budgetary legislation.

Public healthcare accounts for 75 percent of total expenditures for medical equipment and products, with the balance being held by private healthcare facilities. In addition, the SSN purchases a significant portion of healthcare services from private providers. The SSN has jurisdiction over 196 large hospitals and 600 medium and small size hospitals, which are managed by 197 Local Health Authorities. The total number of beds in the public sector is 220,932. The average stay in public hospitals is estimated to be 7.1 days at a cost of \$ 750 per day. In addition, public healthcare manages 7,079 outpatient facilities, 1,506 residential facilities for the elders and 4,794 other healthcare facilities.

Private healthcare service-providers account for 637 private and independently operated clinics, the majority of which 531 are endorsed and operate within the SSN. The total number of beds in private healthcare facilities is 60,000. The average stay in private clinics is indicated at 7.0 days.

Best Products/Services[Return to top](#)

The best sales potential for U.S. manufactured medical equipment is expected to be in the following areas: high frequency medical lasers (for multiple applications), endoscopes and image cytometry apparatus, state of the art diagnostic equipment, non-

invasive and micro-surgery devices and equipment, anesthesiology equipment, EKG, stimulators and defibrillators, monitoring equipment, telemedicine equipment and services.

At the present time, a large percentage of the electro-medical equipment in use in public hospitals is obsolete. A replacement policy is gradually, though slowly, taking place. The Italian market is receptive to high quality and technologically advanced diagnostics and therapeutic equipment and products.

The Italian market for medical equipment is highly dependent on imports. Major suppliers are the United States, Germany, France and Japan. Domestic production is good in such areas as radiology, ultrasonic medical equipment and various segments of the overall dental sector. It is, however, limited in area of the most sophisticated medical products and equipment, those for which investments in R&D are of critical importance.

Opportunities

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It is up to Regional Governments to issue specific regulations governing procurement of medical equipment. Most purchases are made by public tenders open to both domestic and foreign companies. Announcements of tenders on public procurements are monitored by the U.S. Mission to the European Union and can be accessed through the webpage: www.buyusa.gov/europeanunion. However, it is usually unrealistic for a foreign firm to believe that it can circumvent the cumbersome bureaucratic procedure of public procurement, without having a base in Italy. Companies that want to participate in public tenders must first qualify by submitting adequate evidence of their business experience and professional expertise.

Bidding specifications normally include a detailed technical description of the product, as well as other requirements, such as the CE mark, safety standards, testing procedures, operation manuals and quality assurance. Award criteria are normally based either on the lowest price or on the most economically advantageous quotations.

Financing in the medical products sector adheres to normal business standards used in Italy and is usually handled by banks. The turnaround times for paying invoices by public hospitals are quite long in Italy. They may range from a minimum of 100 days in some regions of the North of the country, to over 360 days in certain regions. This situation causes serious liquidity problems for Italian importers and distributors. The mark-up imposed by local distributors and importers has to compensate for the financial losses caused by very late reimbursements. Private clinics also tend to delay payments, usually by an average of 120-180 days.

Web Resources

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Responsibility for the promotion of U.S. medical products rests with the following organization:

U.S. Commercial Service
American Consulate General
Lungarno Vespucci 38
50123 Florence, Italy

Contacts:

Barbara Lapini, Commercial Specialist
Phone: +39-055 292-266 Fax: +39-055-283 780
E-mail: Barbara.Lapini@mail.doc.gov

Leonarda Chiocchi, Commercial Specialist
Phone: +39 06 4674 2204 Fax: +39 0646742113
Email: Leonarda.Chiocchi@mail.doc.gov

Following are other resources:

Ministero della Salute
(Italian Ministry of Health)
Contact Person: Prof. Vittorio Silano
Capo Dipartimento Innovazione
Ministero della Sanita'
Piazzale Industria 20
00144 Roma
Phone: 39-06-5994.2774
Fax: 39-06-5994-2120
E-mail: v.silano@sanita.it
www.ministerosalute.it

Trade Associations:

AIOP
Associazione Italiana Ospedalita' Privata
(Italian Association of Private Hospitals)
Contact Person: Mr. Franco Bonanno, General Manager
Via Lucrezio Caro, 67
00193 Roma
Phone: 39-06-3215653
Fax: 39-06-3215703
aiop@aiop.it
www.aiop.it

ANIE
(Italian Association of Electrical Industries)
Gruppo 17 - Apparecchi Elettromedicali
Contact Person: Mr. Pasquale Zangheri, Secretary General
Via Gattamelata 34
20149 Milano
Phone: 39-02-3264.1
Fax: 39-02-3264256
www.elettronet.it

ASSOBIOMEDICA
(Italian Biomedical Association)
Contact Person: Mr. Carlo Mambretti, Managing Director
Via G. da Procida 11
20148 Milano

Phone: 39-02-34531165
Fax: 39-02-34592072
www.assobiomedica.it

Trade Fairs

Though Italy does not have any really international trade fairs that can compare to the major German healthcare trade shows, following is the leading Italian show of the sector, which has been growing over the years.

EXPOSANITA'

(held every two years)

Date: May 2006

Site: Bologna Fairgrounds

Organizer: Senaf s.r.l.

Via Michelino 69

40127 Bologna, Italy

Phone: +39-051-503318

Fax: +39-051-505282

info.bo@senaf.it

www.senaf.it

of exhibitors: 959

of visitors: 27,103

Leading Sector #10 INSURANCE SERVICES (INS)**Overview**[Return to top](#)

(U.S.D Millions)	2003	2004	2005
Total Market Size	113,590	126,007	130,290
Total Local Production	116,200	128,63	133,000
Total Exports	31,839	35,245	36,440
Total Imports	31,781	35,180	36,370
Imports from the U.S.	339.588	375.900	388.660
Exchange rate \$1= euro	0.886	0.815	0.804

The above statistics are unofficial estimates.

NOTE: All figures are quoted in dollars converted from Euros, unless otherwise noted. Yearly percentage changes are derived from Euro currency figures to exclude currency rate fluctuations.

Total direct and indirect insurance gross premiums collected by firms based in Italy in 2004 were around \$126 billion. In particular, around \$ 86 billion came from life insurance premiums and around \$40 billion from casualty insurance premiums. Life insurance premiums grew 4%, higher than casualty insurance premiums (which were relatively stable). Life insurance premiums counted for around two-thirds of total insurance premiums.

Casualty insurance increase was relatively low due to the slow growth of the economy. On the contrary, total life insurance premiums grew due to major changes involving the Italian pensions market, the deficit of the national pension and health system and the increased importance of the newly created private pension funds.

Nevertheless, according to ANIA, Associazione Nazionale Imprese Assicuratrici (the National Association of Insurance Companies), Italy is still to be considered an under-insured country on the international scene.

In 2005, the situation is expected to be quite similar with a small increase 2% over 2004. In fact, the characteristics of the Italian market have not changed.

Competition: Seven major groups had total premiums over \$5 billion in 2004. Apart from Generali, (which is strongly developing in China and the East European countries), and Ras (Allianz Group), most of the Italian groups do not operate abroad. Things might change in the future if many insurance companies, which are part of banking groups follow their parent banks in their expansion abroad.

Generali Group's premiums were \$70 billion in 2003, and RAS' \$20 billion. The group also includes the Alleanza Group.

RAS has recently merged with the Allianz Group, which includes in Italy the Lloyd Adriatico Group, with total premiums higher than \$3.10 billion in 2004. The resulting company will be established as a so-called "European company".

Fonditaria-SAI and Unipol achieved around \$10 billion in premiums, while the insurance company of the banking group SanPaolo, AIP, (Assicurazioni Internazionali di Previdenza), obtained \$7 billion.

Cattolica Assicurazioni achieved less than 6 million and Poste Vita, the life insurance company of the Italian national mail service, Poste Italiane, raised around \$5.5 billion. Other major insurance groups include Monte Paschi Vita, the insurance company of the banking group Monte dei Paschi di Siena, Aviva (UK), the second largest foreign company, Toro Assicurazioni, and Reale Mutua Assicurazioni. All of them achieved more than \$3 billion in premiums.

Original data source: Mediobanca, "Leading Italian companies",
http://www.mbres.it/eng/mb_publications/companies.htm

Apart from Allianz and Aviva, many foreign groups operate in the market, among them: HDI and Munich Re (Germany); AXA, Azur, Cardif, Groupama, and Mutuelles du Mans (France); Skandia (Sweden); Uniqa (Austria); Helvetia, Nationale Suisse, Swiss Life and Zurich (Switzerland).

Some U.S. or mainly operating in the U.S. major companies are presently doing business (or are authorized to supply services on a Freedom of Services basis) in Italy through their local or European subsidiaries. Among them:

ACE Limited (Hamilton, Bermuda), <http://www.ancelimited.com/AceLimitedRoot/> operates in Italy through ACE Limited European Group,
<http://www.aceeuropean.com/AceEuropeRoot/>,
<http://www.aceeuropean.com/AceEuropeRoot/INFORMAZIONI+SU+ACE+ITALY.htm> ,

AIG - American International Group Inc. (New York, NY), <http://www.aig.com>, operates in Italy through AIG Europe S.A., AIG Life (Ireland) Limited, and Unionvita S.p.A., a joint company with the Italian Trade Union CISL.

AON Corp. (Chicago, IL), http://www.aon.com/about/aon_corporation/default.jsp, operates in Italy through its companies Aon Limited (Cambiaso Risso & C. Srl), Aon Re Global, (Aon Re Italia, Srl), Aon Risk Services, (AIC SpA - Construction Division Aon Group, Aon Italia SpA, Aon Nikols Torino S.r.l., Aon Risk Management & Consulting Services Italia Srl, Aon SpA, Central Broker Srl, Romano Broker Srl), London General Insurance Company (London General Holding Ltd),
http://www.aon.com/about/office_locations/officeLocations.jsp?region=Europe&txtcountry=Italy&isStateListShown=false).

Arch Insurance Group (Bermuda and New York, NY), <http://www.archinsurance.bm/>, and <http://www.archinsurance.com/> can operate in Italy through its London, UK, and Frankfurt, Germany, based Arch Insurance Co. (Europe),
<http://www.archinsurance.co.uk/default.shtml>, and
http://www.archinsurance.co.uk/default_it.shtml

Chubb Corp., (Warren, NJ), <http://www.chubb.com/> operates in Italy through Chubb Insurance Company of Europe, S.A.

Cigna Corp., (Philadelphia, PA) can operate in Italy through CIGNA Life Insurance Company of Europe S.A.-N.V.

Factory Mutual Insurance Co. (FM Global), Johnston, RI, <http://www.fmglobal.com/about/>, operates in Italy through FM Insurance Company Limited.

GE Insurance Solutions Corp., Kansas City, MO, www.geinsurancesolutions.com operates in Italy through GE Frankona Reinsurance Ltd, and Genworth financial, Inc., Richmond, VA, operates in Italy also through GE Mortgage Insurance Limited, www.genworth.com.

The Hertz Corporation Company (Park Ridge, NJ) can operate in Italy through Probus Insurance Company Europe Ltd. (Probus), a Dublin, Ireland, based company, http://www.probus-insurance.com/about_us.html

Marsh Inc. (New York, NY) operates in Italy through its companies Marsh SpA and Marsh & Co. SpA., <http://www.marsh.com/MarshPortal/PortalMain>, <http://www.marsh.it/>

PMI Group Inc. (Walnut Creek, CA), <http://www.pmigroup.com>, operates in Italy through PMI Mortgage Insurance Company Limited, a Dublin, Ireland, company,

Prudential Financial, Inc, Newark, NJ, operates in Italy through Pramerica Life SpA, <http://www.pramericafinancial.com/intl/pramerica/index.html> <http://www.pramericalife.it/>

XL Capital Ltd., Hamilton, Bermuda, <http://www.xlcapital.com/xlc/xlc/xls.jsp> operates in Italy through XL Insurance Company Limited.

U.S. companies represent about 1% of the market. Nevertheless, it is not easy to measure their real importance in the market. In fact, their advanced services are conceived to target and meet the needs of sophisticated end-users, niche markets rather than those of the standardized 'mass' market. A mere quantitative comparison cannot be always made with Italian companies due to these differences.

Best Products/Services

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Life Insurance: Until recently, Italians did not pay too much attention to life insurance as a form of financial protection. The result was that the sector was not as developed as elsewhere. The insurance market, at least regarding private citizens, was primarily focused on car insurance liability. But in recent years, as other forms of risk insurance developed, Italians started to look at life insurance policies as a way not only to protect themselves and their families, but also to protect, or even to increase, their capital.

The recent crises in the stock market have increased this trend and Italians have started investing in life insurance policies (even though many of the products offered, especially unit linked and index linked policies, are in many cases very similar to investment funds). The current regulations seem to favor insurance products versus "pure" financial products, making it easier for insurance companies to sell their products. At the moment it is not possible to determine whether or not this trend will continue. Recent trends highlight that Italians are buying a high-level of 'traditional', death related, life insurance policies.

Private Pensions: In general, the evolution of the market will probably be affected by proposed new regulations that would extend the duration of working life and modify the use of the so-called TFR fund (end-of-contract, retirement or severance fund - i.e., a severance payment to employees given by both the public and the private sectors). The new regulations should involve the possibility of an employee investing his/her yearly retirement savings amount in a general industrial category fund (sometimes related to labor unions) or in a privately managed fund, rather than leaving it to the employer as in the past.

Pension-related issues are in a fluid situation and this can allow new companies to enter the market with quality products and service. In any case, competition from companies already operating in the market will be difficult to overcome.

Long-term Care: Strong opportunities might arise in insurance services focused on long-term care. As Mr. Fabio Cerchiai, the President of ANIA, put it in a speech on 01/20/2005, this market is still at an embryonic level, which may make it interesting for the U.S. companies with strong products to offer.

Health: Though healthcare in Italy is covered by a national healthcare system, other interesting opportunities might arise for the U.S. companies providing services related to health insurance.

Opportunities

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American insurers can take advantage of greater opportunities in Italy due to the effects of the liberalization of the EU insurance services market, as well the newly introduced Italian tax incentives for insurance coverage involving individual supplemental allowance and long-term care plans.

Companies interested in entering the Italian market face tough competition from companies that offer mainly already available standardized products. In the Italian market, the so called '*banca assicurazione*' or agreements between banks and insurance companies, are widely used. Standardized Insurance products are sold through the local agencies of banking companies.

Web Resources

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Andrea Rosa
Commercial Specialist - Services
American Consulate General
Commercial Service
Via Principe Amedeo 2
20121 Milan, Italy
Tel. +39/02/62688-523 (direct phone number)
Fax +39/02/6596561
Andrea.Rosa@mail.doc.gov
<http://www.buyusa.it/>

The following website resources may be helpful:

- ISVAP (Istituto di vigilanza sulle assicurazioni private, the supervisory body for private insurance, <http://www.isvap.it/isvsl001.htm>)
- ANIA (Associazione Nazionale fra le Imprese Assicuratrici, National Association of the Italian Insurance Companies, <http://www.ania.it/>)
- ISTAT (Istituto Nazionale di Statistica, Italy's National Statistical Institute, <http://www.istat.it/English/index.htm>)
- Mediobanca, 'Leading Italian companies', http://www.mbres.it/eng/mb_publications/companies.htm
- Generali Group, <http://www.generali.it/>
- Ras Group, http://vpo.ras.it/vpo/en/about_us/homeAboutUs_jsp.jsp
- Fondiaria-SAI Group, <http://www.fondiaria-sai.it/>
- Unipol Group, <http://www.unipolonline.it/>
- AIP, Assicurazioni Internazionali di Previdenza, <http://www.aipassicura.com/AIP>
- Cattolica Assicurazioni, <http://www.cattolicaassicurazioni.it/>
- Postevita Group, <http://www.poste.it/en/bancoposta/investimenti/insurance.shtml>

Leading Sector #11 AIRPORT AND GROUND SUPPORT EQUIPMENT (APG)**Overview**[Return to top](#)

(USD Million)	2003	2004	2005 (estimated)
Total Market Size	2,500	2,580	2,680
Total Local Production	1,900	1,960	2,000
Total Exports	900	930	950
Total Imports	1,500	1,550	1,630
Imports from the U.S.	680	720	770

Exchange rate \$1=euro 0.88 0.81 0.804

The above statistics are unofficial estimates.

With its 30 major and 70 minor airfields, Italy is one of the most important European markets for airport and ground support equipment, handling 115 million passengers yearly, an air freight cargo activity of nearly 950,000 tons and air transportation movements totaling over 1,700,000 in 2005. Most of this activity was concentrated in the ten largest Italian airports, whose passenger traffic amounted to 84 million, split as follows: Rome (Fiumicino and Ciampino), 30,600,000; Milan (Malpensa and Linate), 27,500,000; Venice, 5,900,000; Catania, 5,100,000; Naples, 4,700,000; Palermo, 3,800,000; Bergamo, 3,300,000; Turin, 3,100,000.

With the worldwide crisis of September 11, 2001, the whole scenario of air transportation changed as increased concern was placed on security and safety issues and on improvements in support equipment, management and services. Security and safety are today on top of the Italian Government investment list and there has been a concentrated effort to improve safety and security products and services. This is the result of a number of laws and directives issued by various entities as a direct consequence of the terrorist attack.

Current changes include:

- In 2002 The International Civil Aviation Organization (ICAO) defined the objectives of the various member states in regard to passenger, crew members and land personnel safety. ICAO stresses the need for improved international cooperation and research development in the area of airport security. Member states should also develop a national security plan for the civil aviation.
- The EEC regulation n. 2320 of December 2002, modified by EEC regulation n. 894 of April 2004, issued recommendations in regard to security of airports, aircraft, passengers, hand luggage, cargoes, luggage storage, mail cargo, material and supplies for aircraft cleaning. It also defined the various areas within airport jurisdiction.
- Law n. 166 of August 2002 allowed the ICAO's recommendations to become part of the Italian legislation.

The market is expected to expand with increased near/medium term investments, both private and public, for airport expansion, upgrading of existing structures and purchase of ground support equipment and systems. More financing is also expected in the short term in expenditure for security and safety structures and systems. The

U.S. industry has a recognized technological leadership in advanced products and quality standards. U.S. manufacturers, engineering and consulting companies have selected opportunities in the market for those specialized sectors where state of the art technology is most needed.

Best Products/Services

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U.S. companies should concentrate their efforts in sectors where the airport authorities are focusing their primary attention and where improvements are deemed necessary: anti intrusion systems, automated baggage handling systems (BHS), closed circuit video cameras (CCTV), approach surveillance radars, sea rescue equipment, precision approach path indicators and radars, x-ray digital systems, fire detection and extinguishing equipment and all the broad range of services related to airport operations. For passengers and hand luggage, airports are adopting latest technologies in hand and window metal detectors (HMD and WMD), and Explosive Trace Detection Systems (ETDS). For cargo luggage: Primary explosive Detection Systems (PEDT) and Explosive Detection Systems (EDS). For mail and parcels check: multi level systems with Threat Image Projection software.

Opportunities

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Following ENAC's guidelines (ENAC is the Italian Civil Aviation Agency of the Ministry of Transportation and can be considered the equivalent of the FAA in the United States), airport authorities have been concentrating their efforts on those improvements deemed necessary, such as runway extensions, anti-intrusion systems, scanners, metal and explosive detectors, tracking systems and other airport and ground support equipment and emergency systems/services. Several projects of this kind are currently in progress. Major works are under way at the Milan Malpensa 2000 airport (new terminal area, new hangar, new control tower, connection of airport to public highway); at the Venice Marco Polo airport (upgrading of two runways and of ground support equipment); at the Rome Fiumicino and Ciampino airports (airplane parking facilities, third runway, commercial space); at the Naples Capodichino airport (instrumental landing systems, improvement of taxi ways and runways); and at the Bari Palese airport (new terminal, multi-level parking). Major tenders are published on the Gazzetta Ufficiale (Official Gazette of Italian Laws, the equivalent of the U.S. Federal Register). Other tenders are generally published on main national newspapers (Sole 24 Ore, Corriere della Sera, La Repubblica). The official Flight Assistance and Control Company, Enav SpA, has decided upon \$1,200 million investments for the period 2004/2006, 79% of which will be devoted to improving safety levels by re-structuring or re-building control towers, ground control communications, airport refurbishing, last generation radars, communication networks; the remaining will be used for security measures improvement.

Web Resources

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Useful websites:

Assaeroporti (Italian Airports Association): <http://www.assaeroporti.it/>
Ministry of Infrastructure and Transportation: <http://www.infrastrutturetrasporti.it>
Gazzetta Ufficiale: www.gazzettaufficiale.it
ENAC: www.enac-italia.it

ENAV SpA: www.enav.it

For additional information please contact Cristiano Sartorio at the U.S. Commercial Service, Via V. Veneto 119/a, 00187 Roma. Tel: 39 06 46742252; e-mail: cristiano.sartorio@mail.doc.gov

Leading Sector #12 PLEASURE BOATS AND ACCESSORIES (MAR)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	2,254	2,694	3,005
Total Local Production	1,938	2,291	2,526
Local Firms Export	1,271	1,308	1,192
Total Imports	316	404	479
Imports from the U.S.	27	113	126
Exchange rate 1\$=euro	0.886	0.815	0.804

*US\$ Million

** Source of statistical data: UCINA (Unione Nazionale Cantieri e Industrie Nautiche ed Affini - Italian Marine Industry Association)

The Italian pleasure boat industry is the largest in the European Union and the second largest worldwide after the United States, with an estimated value of about \$2 billion. The industry accounts for almost half of the European nautical market's turnover. The Italian nautical industry produces boats with the highest average prices in the world. It is specialized on the production of so-called "super yachts" (boats with at least 80 feet) and maintains about 37% of this world market. The Italian pleasure boat market is continually growing; for the past ten years the average annual growth rate has been about 10%. The overall contribution of the maritime sector to the Italian Economy has been growing year after year. Its overall contribution (direct and indirect) to the Italian GDP is estimated around 6,642 million euro (about \$8,261 million).

This market sector can count on 104 ports, marinas and small harbors offering over 130,000 moorings along Italy's 8,000 miles of waterways. The Minister of Transport and Navigation, as well as Italian Port Authorities, believe that there are about 450,000 pleasure craft in Italy. In 2004 there was a total of 71.014 crafts registered, including sailboats, motorboats and ships, all over 24 feet (7.5 meters) (registration is not required for shorter vessels). It is estimated that every year about 4% of all registered craft become obsolete and need to be replaced.

In 2004 alone 3,440 crafts were registered, a 57% increase from the previous year. There are several factors that allowed such an increase. The implementation of "boater friendly" legislation reduced fees for boat ownership and cut a great number of bureaucratic requirements. Moreover, the leasing formula, the so-called "Italian leasing", boosted the internal market. In 2004 the number of new leasing contracts grew by 54.3% over the previous year.

The Italian Government, through its investment agency, Italia Navigando, is promoting new and expanding existing marinas, creating new berths and moorings. In 2004, 3,029 new moorings were created, a 2.4% increase from the previous year. Sardinia alone experienced an 18% growth in the number of its berths, while Sicily and Puglia had a 7% increase each. Within the next few years, the government plans to more than double the existing number of boat berths in Southern Italy, especially in Campania and Sardinia. Projects such as these create new opportunities in the pleasure boat market.

Imports from the U.S. represent a consistent share of the overall imports of pleasure boats, especially outboard motorboats. The U.S. share of the pleasure boat market in Italy will probably grow further due to the competitive dollar. According to the leading Italian financial newspaper, *Il Sole 24 Ore*, the cost of an American boat in Italy in 2004 dropped by some 20% in two years, thanks to the competitive dollar alone.

Best Products/Services

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Traditionally, outboard motorboats are the most common type of American boats imported into Italy. A consistent share of pleasure boats and related products imported into Italy come from the United States. The lower- to mid-range outboard motor boat craft, measuring 20 to 40 feet in length, is the most popular in terms of sales in Italy. Many Italians believe American quality and technology cannot be matched.

The used boat market continues to offer excellent opportunities for American companies. At present, American boats make up almost 90% of the used boat market. In terms of boat accessories, American products are leaders in security and technology. American products do very well in the safety market, including: life vests, jackets and fenders. Marine electronics involving timing, navigating, measuring and guarding are in great demand. There is also increased interest in global positioning systems (GPS). In Italy, nautical software represents the second best prospect for American companies. Directly related to the pleasure boat market, port development and management represents excellent opportunities for American companies.

The recreational Craft Directives or the CE Mark states that as of June 16 1998, all boats manufactured outside of the E.U. must comply with certain safety standards. A copy of the standards and specifications required for the CE Mark is available at the American National Standards Institute, New York - <http://www.ansi.org>

Opportunities

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Opportunities for American business in the pleasure boat market are numerous. Besides new and used motorboats, sailboats, inflatable boats, and motors, opportunities can be found in the development and management of Italian marinas and ports. In these fields, American products lead in quality, technology and reliability. For the past ten years, the United States has held a steady share of imports. In 2004, 12.6% of pleasure boats of all kinds imported to Italy came from the United States. The largest imported American item remains the outboard motorboat; in 2004, the U.S. held 21.3% of this import market in Italy. According to analysts, this sector will continue to grow in view of the leasing formula that has become so popular in Italy recently.

Web Resources

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UCINA – Unione Nazionale Cantieri e Industrie Nautiche ed Affini (Italian Marine Industry Association)
Piazzale J.F. Kennedy, 1
16129 – Genoa – Italy
<http://www.ucina.it>

Italia Navigando
Via Pietro Boccanelli, 30
00148 – Rome – Italy
<http://www.italianavigando.it>

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Commercial Specialist
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The American National Standards Institute
11 W. 42nd Street, New York – NY – 10036
Tel: 212 642 4900
<http://www.amnsi.org>

Events

Genoa International Boat Show, an annual exhibition held in Genoa and organized by UCINA (<http://www.ucina.it>) , the foremost international exhibition for number of exhibitors and visitors.

Leading Sector #13 AUTOMOTIVE PARTS AND SERVICE EQUIPMENT (APS)

Overview

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(U.S.D Millions)	2003	2004	2005
Total Market Size	23,781	22,070	22,810
Total Local Production	28,215	28,710	29,680
Total Exports	13,119	15,950	16,490
Total Imports	8,695	8,580	8,870
Imports from the U.S.	280.202	305.000	325.000
Exchange rate \$1= euro	0.886	0.815	0.804

The above statistics are unofficial estimates

NOTE: All figures are quoted in dollars converted from Euros, unless otherwise noted. Yearly percentage changes are derived from Euro currency figures to exclude currency rate fluctuations.

Recent data (01/03/2006) from CSP (Centro Studi Promotor), one of the major automotive research organizations in Italy, <http://www.centrostudipromotor.com/> notes that sales of new cars in Italy in 2005 totaled 2,234,174 units (-1.35% over 2004). The result is to be rated as positive, when taking into account the increased gasoline prices, the weak economic situation and the fiscal burden on car ownership. In particular, this is the ninth consecutive year that new car sales in Italy exceed 2,230,000, which testifies that the market is relatively stable. Whereas the trend in the latest six-month was positive, December 2005 showed a reduction of 6.3% over December 2004.

Italian brands lost 1.46%, while foreign competitors lost 1.30%. Complete data relative to single makes is not available yet. Fiat should have been around 625,000 units (28.09% of the market). Fiat was recovering in the last part of 2005 due to the introduction of some new models.

As a comparison, we can highlight that domestic Italian makes' sales totaled 634,429 units in 2004 with a share of 28.09% (27.95% in 2003). In 2004, the local dominant group, Fiat Auto SpA (Fiat, Lancia, and Alfa Romeo), had 28.04% of market share and manufactured 4 out of 10 best selling cars: Fiat Punto (1st), Fiat Panda (2nd), Lancia Ypsilon (5th) and Fiat Seicento (10th). Fiat SpA owns the Ferrari and Maserati sporting car makes. The Fiat brand had more than 20% of the Italian market.

In 2005 the situation should be similar to 2004, when foreign brands sold 1,624,432 cars, or 71.91% of the market (down from 72.05% in 2003). According to the first data released, the top competitors of Fiat Group should have been the groups GM (Opel + Chevrolet), Ford (Ford + Mazda + Land Rover + Volvo) and Volkswagen (Volkswagen + Audi + Seat + Skoda).

Ford, GM and Daimler-Chrysler operate in the Italian market through their European subsidiaries. They usually manufacture their cars in Europe so direct imports from the U.S.A. are not relevant. SUV's are the most recent craze in Italy, but they are facing severe criticism due to their environmental impact and the difficulties in driving and parking them in the often small and crowded Italian cities. Some U.S. SUV's are directly imported into Italy by local specialized importers and they cater to the requests of fashion leaders and the wealthy.

It may be helpful to highlight that Italians have a preference for diesel cars. Italian drivers prefer diesel cars due to the lower fuel price. Diesel engines equip not only larger cars, but also smaller ones like city car Smart and top selling Fiat Punto.

Some information on the Fiat Group. In the first part of 2005, the Group has ended most of its financial and manufacturing agreements with General Motors Corp., Detroit, MI, which were signed in March 2000. In particular, the most important agreement has been terminated, included some joint companies in the procurement and manufacturing fields, i.e. GM-Fiat Worldwide Purchasing, and GM-Fiat Powertrain. Some collaboration has been kept, both in the manufacturing field and in the development of some vehicle programs. To terminate the joint ventures, GM paid €1.55 billion (around \$2 billion) to Fiat.

In November 2005, Fiat struck an agreement with Ford Europe, a branch of the U.S. manufacturer Ford Motor Co., Detroit, MI, to develop jointly a small car, (engine and transmission supplied by Fiat), to be produced in a Polish Fiat plant (quantity 240,000 per year) and marketed from 2007-2008, with the commercial names 'Fiat Nuova 500', and 'Ford Ka'.

The market for automotive parts and service equipment declined during recent years, due to a decrease in passenger car production. The automotive parts market constantly changes, so it is difficult to speculate how it will develop in the future as it depends heavily on car sales, and the Italian makers are facing a significant challenge from foreign (particularly Asian) brands.

Domestic production covers approximately two thirds of the demand compared to one third covered by imports. Sales of original equipment (OE) account for around 65% of the total components demand, while aftermarket (AM) sales account for 35%. The turnover of the Italian automotive aftermarket industry was in 2004 around €8 billion (or about \$9.8 billion). This represents around 35% of the global turnover of the automotive components industry (worth around €24 billion, or \$29 billion).

The tier-one parts market in Italy is controlled by big multinational firms, many of them American with operations located in Italy. The need for proximity to the manufacturer, delivery requirements, transportation costs, etc., makes it very difficult for firms not physically located in Italy to enter this competitive market.

Many U.S. groups operating in the OE and AM sectors have therefore factories in Italy, among them American Standard Companies, Inc. (Piscataway, NJ), ArvinMeritor Inc. (Troy, MI), Collins & Aikman Co. (Troy, MI), Dana, Inc. (Toledo, OH), Johnson Controls, Inc. (Milwaukee, WI), Key Plastics, LLC (Northville, MI), Lear, Co. (Southfield, MI),

Oxford Automotive, Inc. (Troy, MI), Tower Automotive, Inc. (Novi, MI), TRW Inc., (Livonia, MI), Visteon, Co. (Van Buren Township, MI), etc.

Imports are in general higher in AM rather than in OE, due to the development of modern distribution channels and transnational operators, improved performance of foreign automotive organizations and greater competitiveness of imported products. Products are imported from European countries like Germany (around one third) and France (about one fifth). Imports from the U.S. account for fewer than 5% of overall imports.

Italy has reportedly one of the highest auto densities in the world (with Europe's highest, 1.69 inhabitants per car), and one of the oldest circulating auto fleets in Europe, (more than one third is older than 10 years). Consequently, the budget and subsequent expenses related to maintenance repair equipment have continued to increase during the last few years. Approximately, 34 million cars are circulating on the roads (2004 data).

The higher frequency of periodic compulsory motor vehicle inspections and stricter pollution control regulations in Italy have forced the replacement of parts and the use of more modern service equipment than was common some years ago. Furthermore, as the electronic systems on cars become increasingly sophisticated, service shops have to invest in new equipment and technologies to provide suitable maintenance.

The new European standards on auto servicing, implemented in 2003, have opened some interesting prospects for independent repair professionals. Due to the new rules, the independent professionals will be entitled to receive from car manufacturers any technical information and training needed to repair any kind of automobile. This may represent a significant market opportunity for Italy's more than 50,000 independent repair professionals who, along with more than 4,000 garages belonging to the official networks, make up the Italian auto repair industry.

All the car manufacturers have been recently forced by new, mandatory EU regulations to extend to two years the minimum period of warranty for cars. As a result, customers are paying more periodic visits than before to the official garage networks. This strengthens the manufacturers' relations with the customers and allows the manufacturers to recover some of the profits that they lost in car selling, due to the increasing competition on the production side and increasingly favorable sales terms.

The aftermarket is characterized by two big trends: on one side, the so-called liberalization of the distribution, allow the possibility of using spare parts, "complying with the original" and of "equivalent quality" to those made by manufacturers. This fact has had relevant consequences on the market, by reducing the hold on it by manufacturers. On the other side, manufacturers reacted through the extension of the products' warranty, for up to five years. Warranty extension is one of the few marketing tools, which manufacturers can use to differentiate their competitive offer (being the others discounts and consumer grants).

Due also to the fact that some independent experts believe that there are minimal quality differences among the top brands and that non-genuine offer comparable quality at a lower price, part of the car manufacturers' control of the market has been shifted to distributors and users.

A slight increase in American aftermarket imports can be expected, due to automotive maintenance, embellishment and additive products for the automotive market. In particular, alloy wheels, advanced material body kits and sport utility vehicle (SUV) accessories might be the products with the highest sales growth potential. In general, the increased sales of SUVs and other 4x4 vehicles are creating a lucrative market for automobile accessories.

Some niche sectors may supply U.S. manufacturers with interesting opportunities.

Auto accessories and tuning: the yearly turnover of this sector in Italy is more than €300 million, (about \$360 million). This market is growing and may be of real interest for U.S. manufacturers. The Italian regulations, rather strict, are undergoing a trend towards their adaptation to EU standards.

Automotive info-mobility solutions: One of the latest craze for Italians is info-mobility. Tools as navigators are quickly spreading into the consumer goods market, and are now available in most of the department stores. From dashboard GPS to fleet management solutions, the market is growing and many U.S. manufacturers are already present here. Some opportunities may certainly arise also for new to market companies offering cutting-edge new products.

Natural gas (CNG) vehicles. Italy ranks second in the world after Argentina, and is the first country in Europe as regards LPG vehicles. Italy has been using natural gas as a vehicle fuel since the 1920's and has about 340,000 NGVS. The Italians have a network of 340 filling stations to support their use of compressed natural gas (CNG). There is no fuel tax on natural gas, as a vehicle fuel, making it very economical compared to other competitive fuels.

U.S. manufacturers might find interesting opportunities in this market. For more information, please refer to the ENGVA website, <http://www.engva.net/bolzano2005/ExhibitionIntro.aspx>, which refers to the 11th annual European NGV's and H2V's Conference and Exhibition organized, together with the 1st World Fair of NGV's, in June 2005 in Bolzano, Italy.

Best Products/Services

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Best prospects include a range of passive and active security components/accessories, environmentally friendly features, diagnostic apparatus and light weight/acoustic insulation and advanced materials, as well as auto tuning components, info-mobility solutions, and equipment for NGV's.

In general, all products with high technology content can be placed into the Italian market. This is valid both for electronic apparatuses and for accessories. All U.S. companies that can promote the quality of their products may try to access the market. As a rule, Italians are ready to take into consideration new products and to pay extra money for something that is, or seems to be, really innovative and new (fashion is also an important decision factor in this sector).

Currently, U.S. exports may also be boosted by the favorable exchange rate between the dollar and the euro. Growth in U.S. auto parts, accessories, components and

service equipment shipments to Italy is not expected to exceed a 2 percent average annual increase for the next couple of years.

Opportunities

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Public tenders: in the automotive sector, local transport authorities, police forces, etc., may issue public tenders for additional equipment, accessories and parts. Companies wanting to participate in bids are strongly encouraged to establish an organization in Italy, to help them in dealing with the sometimes-complicated public tenders process.

Web Resources

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Trade shows:

The 4th edition of 'My Special Car Show', the special and sports car exhibition focusing on tuning & racing, car entertainment, parts & components, will be held in Rimini, from March 31st, 2006 through April 2nd, 2006,
<http://www.myspecialcar.it/index.asp?m=1&l=3&p=1Home>

The 10th edition of 'Transpotec Logitec 2006', the International Exhibition of Road Transport Technology, Intermodal Services and Logistics, will be held in Milan, from April 27th, through April 30th, 2006, http://www.transpotec.com/extra/tr06_eng/index.php

The 4th edition of the 'Automotive Dealer Day', which focuses on information, strategies, and instruments for the car trade, will be held in Verona, on May 17th and 18th, 2006,
<http://www.dealerday.it/index.php?idpass=23>

The 13th edition of 'Mondo Natura', the International Motor Home, Caravan, Camping and Outdoor Vacation Show, will be held in Rimini, from 9th through 17th Sept., 2006,
<http://www.fierarimini.it/>

The 31st edition of 'Motorshow', the International Car and Motorcycle exhibition, will be held in Bologna, from Dec. 5th, 2006 through Dec. 17th, 2006,
<http://www.motorshow.it/uk/index.asp>

The 5th edition of 'Infomobility Forum', a conference / exhibition, and brokerage event, will be held in November 2006, date to be determined,
<http://www.infomobilityforum.com/en/>

The following website resources may be helpful:

- ANFIA (Associazione Nazionale fra Industrie Automobilistiche – The National Association of car manufacturing companies),
<http://www.anfia.it/english/default.htm>
- ACI (Automobile Club of Italy),
http://www.aci.it/wps/portal/.cmd/cs/.ce/155/.s/1102/_s.155/1102
- Centro Estero Camere di Commercio Piemontesi - Foreign Trade Office - Piemonte Chambers of Commerce,
http://www.centroestero.org/EN/Page/t04/view_html?idp=31
- Centro Studi Promotor, an automotive research organization,
<http://www.centrostudipromotor.com/>
- GIPA, an automotive research organization, <http://www.gipa-auto.com/>
- UNRAE (Unione Nazionale Rappresentanti Autoveicoli Esteri – The National Union of the representatives of foreign vehicles), <http://www.unrae.it/>

Data Table

(U.S.D Millions)	2002 (actual)	2004 (actual)	2005 (estimated)
Total Market Consumption	1,850	2,730	2,820
Food	1,020	1,520	1,570
Non-Food	400	590	610
Services	430	620	640
Exchange rate \$1=	1.11 Euro	0.815 Euro	0.804 Euro

*The above statistics, in millions of dollars, are unofficial estimates.

In the last two years, the European pet market as a whole demonstrated to be healthy, with an average growth rate which was not impressive, but steady at about 3%. The Italian market continues to be one of the most dynamic, and confirms the forecasts of sales increase, especially in the pet food division, with growth rates which are still much higher than other EU countries (France 0.8%, Germany 1.6% and Great Britain 2.4%). Since 1990, the Italian pet products market has expanded by over 80%. This increase is definitely higher – more than double – than the growth of major European countries, where the pet market has already reached mature dimensions.

In recent years, the number of pets in Italy has increased considerably, reaching about 60 million. It is estimated that almost 20 million of Italian households keep dogs, cats, birds, fish, other small animals or even more than one pet. Pets living in households have come to be considered as real friends, and even as psychological aids. This new role has several causes: a lower birthrate, change in the family structure, higher number of singles, increase in regard for animals, longer average life spans (pets are often a reason to live for elders).

The pet products market in Italy is estimated at \$2.7 billion for 2004, an increase of approximately 4 percent over the previous year. Trade sources have forecast increases of the same magnitude for the next few years. Dog food is one sector that is expected to increase the most, since the consumption rate of commercial food is still very low compared to other countries. While the “Mediterranean diet” (pasta or rice) is still prevalent in dog and cat diets, the market for industrial or commercial pet food has increased greatly in recent years.

The pet care sector is experiencing remarkable growth as well. The trend towards “humanization” of pets has led owners to buy specific products for their animal companions. In the pet accessories sector, the trend towards diversification is greater. The growth in this sector is due to the development of high technology products, as well as those that focus on the beauty, elegance and “personality” of pets and satisfy pet owner whims.

In addition, American pet products enjoy the reputation of being innovative and of high quality, critical features for success in the Italian market. This excellent reputation puts U.S. manufacturers in a good position to boost sales in Italy.

U.S. imports for the pet industry into Italy mainly represent pet food. These products are generally highly successful in the Italian market because professionals know that American manufacturers are very health-conscious regarding their pets. Therefore, American companies enjoy a good reputation with respect to nutritional quality. According to market analysts, this is expected to continue, and U.S. pet food manufacturers are expected to increase their market share.

Innovation is the lifeblood of the Italian pet products market. The successful competitor should offer an original, state-of-the-art, well-advertised and positioned range of products. To succeed in the Italian market, U.S. manufacturers must focus on four critical elements: innovation, quality, technology and price.

Imports play a major role in this market -- especially in the pet food sector -- with over one third of the total market. Over 50 percent of pet food and 20 percent of pet accessories are imported. U.S. brands are among these imports, especially in the pet food sector, where they enjoy an excellent reputation. Given these positive market conditions, the Italian pet products market has great growth potential and offers many opportunities for U.S. companies wishing to expand their sales internationally.

From a production point of view, the Italian pet industry holds an excellent position in different sectors. In particular, important export quantities have been recorded by the pet accessory production, namely cages, plastic, fabric and hide articles, and aquariums with related accessories, such as pumps, filters, heaters etc. More than 60% of accessories for aquariums sold worldwide are manufactured in Italy.

The two market leaders in Italy are Dolma (Italian branch of the American group Mars) and Friskies Italia –Nestle' (which strengthened its position with the acquisition of Spillers), and account for 65% of the total market turnover, concentrated particularly in the grocery channel.

Private labels have quickly gained a moderate share and today represent 11% of the total market. In the specialized retail segment, the leaders are Eukanuba, Hill's, and Ralston Purina. There are also a number of medium-sized Italian companies that manufacture, distribute and often export food for all pets.

Best Products/Services

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U.S. products that currently have the best potential are:

- Food for dogs and cats
- Snacks and treats
- Aquariums, Terrariums
- Beds for dogs and cats
- Climbing furniture for cats
- Grooming aids for dogs and cats
- Health treatments (small animals)
- Transporters
- Tropical fish and dry fish food

Opportunities

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Dog and cat snack food
Pet accessories
Healthcare products
Veterinary services

Web Resources

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The U.S. Commercial Service promotes a U.S. Pavilion at "Zoomark", the leading Italian Pet Products trade show. The next edition will take place in Bologna in 2007. For more information contact:

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E-Mail: milan.office.box@mail.doc.gov

Trade Associations:

American Pet Products Manufacturers Association (APPMA): www.appma.org

Other resources:

U.S. Department of Commerce Trade Development: Edward_Kimmel@ita.doc.gov

U.S. Department of Agriculture FAS (Foreign Agricultural Service) office:
<http://www.fas.usda.gov/>

U.S. Department of Agriculture FAS (Foreign Agricultural Service) office at the U.S.
Mission to the EU: <http://www.useu.be/agri/usda.html>

Overview

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(U.S.D Millions)	2003	2004	2005
Total Market Size	2,511	2,809	2,904
Sales by Local Firms	1,271	1,637	1,693
Exports by Local Firms	150	171	176
Sales by Foreign-owned Firms	1,390	1,590	1,643
Sales by U.S.-owned Firms	830	950	982
Exchange rate \$1 = euro	0.886	0.815	0.804

The above statistics are unofficial estimates

NOTE: All figures are quoted in dollars converted from Euro, unless otherwise noted. Yearly percentage changes are derived from Euro currency figures to exclude currency rate fluctuations.

The Italian market for management consulting may be estimated at \$2.8 billion in 2004 (excluding earnings additional to fee income, such as software licenses, etc.). After the negative consequences of the global economic slowdown in 2002, the market recovered in 2003 and in 2004. Human resource management consulting accounts for approximately 30 percent of total revenues, corporate strategy consulting and operations management consulting 25 percent each and information technology consulting 20 percent. The largest users of management consulting services in Italy are the banking sector (around one fifth of the market), wholesale and retail (one seventh), consumer goods, nonprofit organizations and government (one tenth each one).

Italy remains a low consulting-intensive market. The market is comprised of many small firms and is divided among global competitors (most of which are of U.S. origin) offering a full-range of state-of-the-art products, a few "national champions," and a number of local or niche players and "gurus". Concentration is lower than in other European countries, and the top 20 firms take less than 50% of overall fee revenues.

Most big multinational consulting firms are well established in the Italian market. Multinational firms make up more than 50% of the market and U.S. firms about one-third. The largest consulting firm in Italy is Accenture, which employs over 4,000 people. In addition to consulting, most of the consulting firms provide technology and solutions in the area of information services, as well as outsourcing services for administration and financial control.

Some of the major U.S. management consulting companies operate in Italy, among them (listing is not exhaustive, due to the continuous developments in the presence of U.S. companies):

Accenture Ltd., Hamilton, Bermuda www.accenture.com

Achieve Global, Tampa, FL www.achievegloab.com

A.T. Kearney, Inc., Plano, TX www.atkearney.com

Bain & Co., Boston, MA www.bain.com
Booz Allen & Hamilton, McLean, VA www.bah.com
Boston Consulting Group, Boston, MA www.bcg.com
Boyden World Corporation, Hawthorne, NY www.boyden.com
Cohn & Wolfe, New York, NY www.cohnwolfe.com
Dale Carnegie & Associates, Inc., Hauppauge, NY www.dalecarnegie.com
DBM Inc., New York, NY www.dbm.com
ENSR International, Westford, MA www.ensr.com
ERM Group Inc., Exton, PA www.erm.com
Hay Group Inc., Philadelphia, PA www.haygroup.it
Hewitt Associates, Lincolnshire, IL www.hewitt.com
McKinsey & Company, New York, NY www.mckinsey.com
Right Management Consultants, Philadelphia, PA www.right.com
Towers Perrin, Stamford, CT www.towersperrin.com
William George Associates Ltd., Georgetown, MA www.williamgeorge.net

Issues such as e-business, implementation and enhancement of CRM (Client Relationship Management) systems, globalization/internationalization, and mergers & acquisitions are key demand drivers of management consulting services, with both private and public organizations offering opportunities. Public service companies and government agencies are reorganizing and reviewing their operations to achieve higher efficiency. The financial sector also offers opportunities, due to consolidation of banking products and to a need for control systems in financial services. Solid knowledge of the local regulatory environment and market conditions, as well as unique know-how in specialized sectors/functions and adequate international experience have become preconditions for competing effectively in this market. American consulting firms considering entry into the Italian market should certainly take into consideration the possibility of teaming up with Italian partners. This especially depends upon personal relationships. In Italy in particular, it is difficult and time-consuming to try to do business without having the right connections.

Niche consulting sectors. Niches may offer interesting opportunities to U.S. consulting companies. Most of them are just now developing in Italy and, as they are similar to innovative products, they might also not have real future developments in the long run. In a nutshell, current opportunities might fade or even disappear. In any case, the characteristic of this information is that these techniques are already implemented in the Italian market. Therefore, a niche may disappear, even in the short run, but some Italian companies make now use of it, i.e. there is a market in 2005.

Among the niche sectors are:

- “Advergame”, brand awareness and brand community, tribal marketing (or linking marketing), trust marketing
- Brand leasing and brand marketing
- Co-marketing
- Company name changing (or re-naming), re-branding. Company take-over by foreign companies
- Corporate theater
- De-localization
- Ethnical marketing

- Generational change
- Management of human resources diversity
- New trends in marketing targeted to women
- Outplacement
- Risk management
- Sponsorship in the cultural sector by corporations
- Temporary Management

Best Products/Services

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All categories of management consulting services offer opportunities to U.S. companies, from administration services to economic consulting services and from personnel consulting services to public relations consulting services. This is true, provided that the U.S. companies are able transfer new methods and procedures that add value to the client company. At the same time, some experiences/approaches are probably impossible to transfer to Italy.

Some marketing consulting services may help Italian companies to target new groups. The composition of the Italian society is certainly evolving towards models that the U.S. consulting companies know well, particularly in regard to immigrants and minorities. New marketing 'niches' are growing, among them, groups like the allergic, left-handed, and senior citizens, might be approached in new, suitable ways. Some of these groups could be approached by transferring U.S. experience to the Italian market. Others should probably be approached by tailoring U.S. expertise to the Italian situation.

Opportunities

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Current trends in consolidation of banking products and increasing mergers and acquisitions in both the public and private sector organizations offer opportunities to companies operating in the Italian market. U.S consulting companies might also choose to focus on specific niche consulting markets.

Web Resources

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Trade events

The 3rd edition of the 'Expo del Capitale umano ed innovazione' - Expo on Human capital and innovation, will be held in Milano, from March 15th through March 18th, 2006,
<http://www.expocapitaleumano.com/>

The 2nd edition of the 'Research to business' event, will be held in Bologna, from May 11th through May 12th, 2006, <http://www.rtob.it/index.asp?m=61&l=2&ma=43>

The 2nd edition of the 'Expo Italia Real Estate' Show will be held in Milano, from May 23rd through May 26th, 2006, <http://www.italiarealestate.it/html/inglese/home.htm>

The following website resources may be helpful:

- Italian Federation of Advanced Services - FITA, Federazione italiana del terziario avanzato, http://www.fita.it/fita/chi_siamo.php
- Italian Association of Logistics and Supply Chain Management - AILLOG, Associazione italiana di logistica e di supply chain management, <http://www.ailog.it/>
- Italian Association of research, innovation and development consulting firms - AISCRIS, Associazione italiana società di consulenza per la ricerca, l'innovazione e lo sviluppo, <http://www.aiscris.it/>
- Italian Marketing Association - AISM, Associazione italiana marketing, <http://www.aism.org/>
- Association of market research, opinion polls, and social research institutes - ASSIRM, Associazione tra istituti di ricerca di mercato, sondaggio di opinione, ricerca sociale, <http://www.assirm.it/>
- Association of communication companies - ASSOCOMUNICAZIONE, Associazione delle Imprese di comunicazione, <http://www.assocomunicazione.it/>
- Association of management consulting companies - ASSOCONSULT, Associazione delle società di consulenza di direzione, <http://www.assoconsult.org/>
- Association of global service public relations agencies - ASSOREL, Associazione agenzie di relazioni pubbliche a servizio completo, <http://www.assorel.it/>
- Association of companies which manage, co-ordinate and promote multilingual and conference services - IMPRELINGUE, Associazione nazionale imprese servizi linguistici e congressuali, <http://www.imprelingue.it/english.htm>
- National union of credit recovering and business information companies - UNIREC, Unione nazionale imprese recupero crediti e informazioni commerciali, <http://www.unirec.it/english.asp>
- Association of legal experts - AGICONSUL, Associazione giuristi e consulenti legali, <http://www.agiconsul.org/>
- Association of outplacement companies – AISO, Associazione italiana società di outplacement, <http://www.aiso-outplacement.it/>
- Temporary management association - Atema, Associazione per il temporary management, <http://www.atema.net/>

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ELECTRONIC COMMERCE

The market for e-business services and e-commerce applications is rapidly developing and it will continue to register sustained growth in the next few years.

Internet usage in Italy has experienced explosive growth in the past five years and the number of business and home Internet users has boomed: assessed at 22.6 million in 2003 and 25.5 million in 2004, it is estimated to have reached over 28.5 million in 2005. Italian Internet users are relatively less mature in the use of this medium with respect to the European average, but they are rapidly catching up. According to recent surveys, the penetration rate of the Internet in Italian enterprises is valued at 94.7 percent, one of the highest in Europe. Broadband access is developing very rapidly, with 6 million users estimated to be connected at the end of 2005. Mobile phone diffusion in Italy is among the highest in the world, with over 63 million mobile phone lines activated, serving more than 42 million clients and equaling a penetration rate of 72 percent.

Business-to Business (B2B) E-Commerce

B2B e-commerce applications have taken off and are registering continuous and sustained growth. Although no official statistics exist and figures sometimes differ from one trade source to another, according to the recent B2B E-Commerce Watch Report developed by the Milan Polytechnic School of Management, the market value for B2B e-commerce transactions in Italy in 2004 represented 5% of the total transactions value and registered revenues of 94 billion Euros (approximately US\$ 116 billion), an increase of 13% over 2003. The most active players focusing on the implementation of B2B solutions were the automotive, the pharmaceutical, the grocery, the IT and the telecom sectors. According to most local trade sources, growth rate in 2005 should be at least 10%.

E-procurement is also growing very positively: virtually all major Italian industrial groups and major companies are organized for it. It is predicted that in the next two years at least half of all company purchases will be via e-procurement. Within e-procurement, the value of transactions through e-sourcing tools in 2004 registered the highest growth of 30% over the previous year, with 11.5 billion Euros (approximately US\$ 14.2 billion). Purchases via e-catalog (recurrent purchases based on pre-defined contract/prices, usually by large companies present in multiple locations) grew 50% in volume, although their value was limited to 1 billion Euros (approximately US\$1.2 million).

Although many smaller Italian companies with a web site still only use it to create brand awareness, offer product information, and generate leads, this is rapidly changing. The evolution of organizational business models and strategies has created the need for increased interaction with suppliers and customers. A growing number of large and medium-sized companies are investing heavily in Intranet/Extranet infrastructure and are implementing web sales and purchasing applications to meet these needs.

The Italian government, both at central and local level, is fostering a “new economy” business culture to boost economic competitiveness and efficiency. A few hundred million dollars have been granted to small and medium size enterprises (SMEs) for the adoption of e-commerce solutions, for turning to broadband access, and for utilizing digital signature.

Trade association and major organizations are also actively promoting initiatives to foster innovation and to promote e-commerce among small and medium enterprises (SMEs) by offering them hosting solutions for both B2B and B2C e-commerce applications (malls, virtual marketplaces, portals, etc.).

As the number of users and companies utilizing the Internet increases, as well as increases the volume of business conducted online and the use of information technology in process management, investments are expected to catch up in order to carry out the transition to a more advanced stage of e-business. The next phase in the evolution of the e-business sector will require the upgrading or renewal of Italian companies' technological base, including infrastructure, applications, and their integration. Selectivity will be the key to new investments. There will be no single "killer" application stimulating users to invest in new e-business platforms and services, but rather companies will want to select among an array of solutions, adopting both internal applications (ERP, Sales Force Automation, human resources, knowledge management, e-learning,) and applications for the automation of upstream and downstream relationships (e-supply chain management, e-procurement, e-selling, CRM, e-marketplaces) that add value to their own business model and meets their needs. Prospects for growth in these areas are excellent. In addition, these applications are associated with an equally important set of enabling technologies (broadband, new generation wireless, hosting) that will be positively influenced by the development of e-business.

The growing complexity of technologies and the need for specialized skills to implement e-business strategies is also leading large and medium-sized Italian businesses to outsource services to supplement their in-house capabilities. American e-commerce integrators and service providers may find excellent opportunities by providing the strategy, marketing, design, and technical services expertise associated with developing an e-business culture and with building advanced e-commerce sites.

Financial Services - Banks are investing considerable resources in e-commerce applications both to sell their own home and corporate banking services, and to support the e-business strategies of their clients by developing virtual malls and portals and by supporting secure transactions. E-banking, on-line trading, e-payments, and other "virtual" channels all are experiencing substantial growth, as they represent important tools through which banks interact with the market. It is estimated that at the end of 2004 there were 7.5 million on-line bank accounts. The possibility of accessing financial markets through new generation cellular phones may also significantly contribute to the development of this market niche.

E-Government

The need for the Public Administration to reach higher levels of efficiency and to offer higher quality public services is also playing a key role in the growth of the e-business/e-commerce sector. In particular, significant developments are occurring in the fields of e-procurement, health care management and fiscal services. Both the central and local Italian government have implemented excellent e-procurement practices for expenditure rationalization through CONSIP, a company totally owned by the Italian Ministry of Economy and Finance, and through its division for e-procurement, Acquisti in Rete – AiR. Digital signatures are being utilized as an important support tool to simplify bureaucratic procedures, and their extended use is expected to reinforce the level of

trust in e-commerce transactions and to accelerate the diffusion of e-business in the Italian economy.

Business-to-Consumer (B2C) E-Commerce

B2C e-commerce has experienced extraordinary growth in the past three years, but its value in absolute terms is still relatively limited. Although figures differ from one trade source to another, the already mentioned Milan Polytechnic School of Management estimates that in 2004 the B2C e-commerce market was worth 1.95 billion Euros (approximately US\$2.4 billion), an increase of 68% over 2003. Growth rates were estimated at 63% in 2003 and 40% in 2002.

The sector which had the best performance in 2004 - with a growth rate of 140% over the previous year – was travel and tourism. In 2004, it represented 39% of the B2C market and included purchase of travel packages, hotel reservations and transportation tickets. It is expected to maintain its position also in 2005. It was followed by the insurance sector - mostly for car insurance – with 14% of the market, and by the information technology and consumer electronics sectors, with 12% of the market. Wearing apparel, grocery, books, music and videos accounted for 3% of the market, while the remaining miscellaneous sectors – including bookings for entertainment events, mobile telephone recharging, cars and motorcycles, etc – accounted for 25%. The increasing availability of affordable personal computers (which have brought household penetration rate to 31%) and broadband access, combined with Italian Government actions to foster ICT culture and have all Italian schools connected to the Internet, are acting as strong driving forces for the development of the B2C sector. Furthermore, as mobile phone diffusion in Italy is among the highest in the world, the Internet consumer market is expected to be driven by the availability of web-enabled, new-generation mobile phones.

Security and Payment Technologies

Security is one of the major concerns of Italian companies and consumers for e-commerce transactions. Presently, e-commerce security is not regulated by specific laws, and companies resort to firewalls and secure protocols, such as Secure Sockets Layer (SSL), digital certificates, and Secure Electronic Transaction (SET). Italian legislation recognizes the legal validity of digital signatures and digital contracts. The extended use of digital signatures is expected to reinforce the level of trust in e-commerce transactions and to accelerate the diffusion of e-business in the Italian economic system. Italian legislation fully complies with EU consumer protection directives with regard to specific information that an e-commerce site must provide, and sets rigid privacy protection requirements for the opening of an e-commerce site.

Market Drivers

The main factors fueling the development of e-commerce in Italy are expected to continue to be: 1) improved Internet access infrastructure; 2) recognition of e-commerce as a means to provide better support to customers and suppliers; 3) improved consumer protection legislation; 4) Italian legislation which recognizes the legal validity of digital signatures and digital contracts; 5) agreements between Italian banks and credit card operators to introduce Secure Electronic Transaction (SET) protocol; 6) Italian government plans for accelerating the development of a new economy culture, ICT acceptance and e-commerce adoption; 7) initiatives of trade associations, major organizations and local governments to foster innovation and to promote e-commerce,

especially among small- and medium-sized enterprises; 8) a mobile phone diffusion among the highest in the world, which will enable both the business and consumer segments to take advantage of new telecom technologies for e-commerce transactions.

Internet sites for further information:

<http://www.innovazione.gov.it/eng/index.shtml> (the English version of the web site of the Italian Ministry for Innovation and Technologies)

<http://www.bakerinfo.com/ecommerce> (legal aspects of e-commerce in 33 countries)

Chapter 5: Trade Regulations and Standards

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Import Tariffs

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Customs duty rates are the same for all EU countries. The value added tax varies from country to country. In Italy VAT ranges from 4 to 20 percent.

Trade Barriers

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Broadcast Directive and Motion Picture Quotas

Italy passed legislation in 1998 to significantly tighten European content requirements (TV quotas). Italy's previous requirement was that a majority of television broadcast time for feature films be reserved for films produced in the EU, and that half of the European quota be dedicated to films produced in Italy. The EU Directive excludes news, sports, game shows, advertising, teletext and teleshopping. Italy's regulation goes beyond the EU Directive by applying quotas specifically to prime time broadcasting, and excludes talk shows from fulfilling the quota.

Civil Aviation

Italy and the United States agreed on an "Open Skies" civil aviation regime in 1999. This liberalized the Italy-U.S. air travel market dramatically.

Government Procurement

In Italy, fragmented, often non-transparent government procurement practices and previous problems with corruption have created obstacles to U.S. firms' participation in Italian government procurement. However, Italy has made progress in making the laws and regulations governing procurement more transparent, although Italy has not yet fully updated its code, nor completely implemented EU directives on government procurement. In addition, the pressure to reduce government expenditures while increasing efficiency is resulting in increased use of competitive procurement procedures and greater emphasis on best value rather than automatic reliance on traditional suppliers. This trend is benefiting U.S. firms.

Import Requirements and Documentation

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Practically all goods originating in the United States can be imported without import licensing or free of quantitative restrictions. Only a small group of agricultural items may be subject to import regulations. There are, however, monitoring measures applied to imports of certain sensitive products. The most important of these measures is the automatic import license for textiles. The import license is the responsibility of the Italian importer. This license is granted to Italian importers when they provide the requisite forms.

Various textile, apparel, and controlled products (such as arms and munitions), are the most frequently regulated items. Import licenses are generally granted for goods of U.S. origin rapidly and delays are usually caused by lack of proper documentation, or information.

Licenses are not transferable, although they may be used to cover several shipments within the total quantity authorized. In general, the goods involved are indicated on the license by the Harmonized System classification number and the corresponding wording of the tariff position.

For controlled items needing licenses, contact the Export Administration <http://www.bis.doc.gov>

Temporary Entry[Return to top](#)

Material may temporarily be imported into Italy without payment of duties or tax if the material is to be used in the production or manufacture of a product that is to be exported. The importer gives a security deposit, usually in the form of a guarantee from a bank or insurance company, for the amount of the usual duties and taxes. Upon exportation of the finished product, the guarantee is released or the deposit returned.

Temporary entry of goods intended to be re-exported in the same condition is permissible free of import duties and taxes upon approval of an application by Italian Customs.

Italy participates in the International Convention to Facilitate the Importation of Commercial Samples and Advertising Materials. Samples of negligible value imported to promote sales are accorded duty-free and tax-free treatment. Prior authorization is not required. To determine whether the samples are of negligible value, their value is compared with a commercial shipment of the same product. Granting of duty-free status may require that the samples be rendered useless for future sale by marking, perforating, cutting, or other means.

Imported samples of commercial value may be granted a temporary entry with exemption from custom charges. However, a bond or cash deposit may be required as security that the goods will be removed from the country. This security is the duty and tax normally levied plus 10 percent. Samples may remain in the country for up to 1 year. They may not be sold, put to their normal use (except for demonstration purposes), or utilized in any manner for remuneration. Goods imported as samples may be imported only in quantities constituting a sample according to normal commercial usage.

Samples of products, without commercial value, are admitted free of duty and taxes. Product literature should be marked "product literature - no commercial value". Samples with commercial value are also admitted duty and tax free, provided that the following conditions are complied with:

- (a) The samples are accompanied by a representative of the U.S. firm with a statement, notarized by an Italian Consulate, identifying the commercial traveler and attesting to the intention that the samples are being imported into Italy only for show or demonstration, and will be re-exported without sale.
- (b) A certificate of origin from a recognized chamber of commerce is submitted to identify the source of the goods.
- (c) A deposit or bond, in the amount of the applicable customs duties and taxes, is made at the point of entry. This will be refunded when the goods are re-exported.
- (d) A list (in duplicate) with a full description of each sample, including weight and value, is submitted. It is helpful to have such a list in Italian.

In practice, samples valued in excess of 2,582 Euro (\$3,380) are practically impossible to clear through Italian customs informally. In such cases, it is advisable to engage the services of a local freight forwarder.

As a result of various customs agreements, simplified procedures are available to U.S. business and professional people for the temporary importation of commercial samples and professional equipment. A carnet is a customs document that facilitates clearance for temporary imports of samples or equipment. With a carnet, goods may be imported without the payment of duty, tax, or

additional security. The carnet also usually saves time since formalities are all arranged before leaving the United States. A carnet is usually valid for 1 year from the date of issuance. A bond or cash deposit of 40 percent of the value of the goods covered by the carnet is required, in addition to the price of the carnet. This will be forfeited in the event the products are not re-exported and duties and taxes are not paid.

Carnets are sold in the United States by the U.S. Council for International Business at the following locations:

- 1212 Avenue of the Americas, New York, NY 10036, (212) 354-4480; or 1030 15th Street NW, Suite 800, Washington, DC 20005, (202) 371-1316, email at info@uscib.org.
- Website: www.uscib.org

Goods in Transit

Goods may clear customs with an EU transit procedure, issuing a single transit document under which the goods may be easily shipped across frontiers of the EU member states. These transit documents are completed for the importer by a freight forwarder in Italy. The EU transit document provides the basis for a single, comprehensive procedure covering the goods within the EU. Since the single transit document is an EU form, the European importer, customs house broker, freight forwarder, or shipper must prepare the document at the point of entry.

Inward and Outward Processing

Inward processing is the temporary importation of raw material or products for additional manufacture or processing. Merchandise imported for additional processing and eventual re-export out of the EU is eligible for custom-free treatment.

The re-exported goods may be partly or totally processed. The import duty and taxes are levied only on those goods that are not re-exported and are finally sold in the EU.

To qualify for inward processing, an Italian (or EU) firm must satisfy customs that it is necessary to use imported goods instead of EU goods; state an intention to export products manufactured from the imported goods (or equivalent goods available in the EU); and assure that, upon re-exportation, the conditions set forth in the authorization are satisfied, the exported products are accounted for, and the entered goods are identifiable and relate to specific importations.

In outward processing, a firm in Italy may export goods, for further manufacture or processing, from the EU customs area and then re-import the final product. Duties and taxes are levied only on the increased value added by the expatriate manufacturing or processing when the goods are returned to Italy, not on the total value of the product. Only firms located in Italy or other EU countries are eligible to take advantage of this option, by gaining approval of the Customs authorities.

Prohibited and Restricted Imports

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The Italian importer should determine if the items are subject to Italian and EU regulations. Of special note are certain foodstuffs, food colorings, drug and narcotics, animal products, plants, seed grains, alcohol, cosmetics and toiletries.

Customs Regulations and Contact Information

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Prior to signing a long-term contract or sending a shipment of considerable value, it may be prudent for a U.S. exporter to first obtain an official ruling on the customs classification, duty rate, and taxes. Such requests should be sent to the Ministry of Finance's Customs Department, Rome, Italy <http://www.agenziadogane.it>. The request should describe the product, the material it is made from, and other details required by customs authorities to classify the product correctly. While

customs will not provide a binding decision, the advance ruling will usually be accepted as long as the imported goods are found to correspond exactly to the description provided by the exporter.

Standards

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Overview

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U.S. firms exporting to Italy must conform to EU standards and/or national Italian standards. The following sections will provide the reader with basic information on Italian and European standard setting, conformity assessment, product certification, accreditation, and publication of technical regulations, labeling and marking.

Products tested and certified in the U.S. to American standards are likely to have to be retested and re-certified to European Union (EU) requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.
(http://europa.eu.int/comm/consumers/cons_safe/prod_safe/index_en.htm)

European Union standards created in recent years under the so-called "New Approach" are harmonized across the 25 EU member states (which include Italy) and across European Economic Area countries in order to allow for the free flow of goods. A feature of the New Approach is CE marking. While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also become barriers to trade if U.S. standards are different from those of the European Union.

Standards Organizations

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U.S. firms exporting to Italy must conform to EU standards and/or national Italian standards. Italy and other EU Member States are required to transpose EU Directives into national law. The Directives define a schedule for adoption, publication and implementation of national provisions. Directives also recognize a transitional period during which existing national provisions and new legislation will coexist. In such cases, the manufacturer has a choice of following either of these provisions. Similarly, purely national standards must be replaced when agreement has been reached on a harmonized European standard.

In Italy, the national standards bodies are:

UNI-Ente Nazionale Italiano di Unificazione (The Italian National Bureau of Standards), via Battistotti Sassi 11b, 20133 Milan, +39 02 70024.1 <http://www.uni.com/it/>

CEI-Comitato Elettrotecnico Italiano (Electrical standards and certification) , via Saccardo 9 20134 Milan, +39 02 21006.1 <http://www.ceiweb.it/>

EU Standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of EU product standards is handled by three European standards organizations:

CENELEC, European Committee for Electrotechnical Standardization
(<http://www.cenelec.org/>)

ETSI, European Telecommunications Standards Institute
(www.etsi.org)

CEN, European Committee for Standardization, handling all other standards
(<http://www.cenorm.be/>)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have “mirror committees” that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies as well as through the American National Standards Institute (ANSI) <http://www.ansi.org/>. ETSI is different, in that it allows direct participation on its technical committees by non-EU companies that have interests in Europe and it gives away its individual standards at no charge on its website.

In addition to the three standards developing organizations, the Commission of the European Union plays an important role in standardization through its funding of the participation in the standardization process of small and medium sized companies and non-governmental organizations, such as environmental and consumer groups. It also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical regulations.

When a standard is completed, the European Commission publishes the notice of its completion in the *Official Journal of the European Communities*. Products manufactured according to standards adopted by CEN, CENELEC and ETSI and published in the *Official Journal* conform to the requirements of EU Directives. (Legislation, as well as a list of harmonized standards, can be found on the www.newapproach.org website).

The manufacturer then applies what is called a CE Mark to the product and issues a Declaration of Conformity. With these measures in place, the product will be cleared for commercial transactions within the European Union (see under Conformity Assessment). A product manufactured in conformity with EU legislation in one Member State will be guaranteed automatic access to the markets of all the other Member States. U.S. manufacturers who apply the CE mark to their products will also be guaranteed access to all of the markets in the Member States of the European Union.

Due to the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its business development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which anticipate to become full members in the future) such as Albania, Bulgaria, Croatia, Romania, FYR of Macedonia, and Turkey. Another category, called “partner standardization bodies” includes the standards organizations of Russia, Bosnia-Herzegovina, Tunisia, Egypt, Serbia/Montenegro and the Ukraine, which are not likely to join the EU or CEN any time soon, but have an interest in participating in specific CEN technical committees. They agree to pay a fee for full participation in

certain technical committees and agree to implement the committee's adopted standards as national standards. Many other countries are targets of the EU's technical assistance program, which is aimed at exporting EU standards and technical regulations to developing countries such as the Mediterranean and Balkan countries, some Latin American countries, China and Russia.

To keep abreast of CEN and CENELEC's plans for future standardization, it is best to visit their websites. CEN's "business domain" page provides an overview by sector and/or technical committee, whereas CENELEC offers the possibility to search its database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) describes its ongoing activities.

There will be instances when no European standard exists for a product that is unique, or innovative, or whose technology is developing rapidly. In this case, a Member State may inform the manufacturer of an existing national standard it considers relevant, or the use of a national standard may be permitted as a temporary solution to the proper implementation of the essential requirements.

With the need to more quickly adapt to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU regulation, expectations are that they will eventually serve as the basis for a EU wide standard.

[www.cenorm.be/cenorm/workarea/sectorfora/iss\(ict\)/index.asp](http://www.cenorm.be/cenorm/workarea/sectorfora/iss(ict)/index.asp)

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control systems, to full quality assurance systems. You can find conformity assessment bodies in individual member state countries in this list by the European Commission:

<http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm> .

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and the European Standard Agreement Group. CENELEC has its own initiative:

www.cenelec.org/Cenelec/Homepage.htm

ETSI does not offer conformity assessment services.

Product Certification

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To sell their product on the EU market of 25 member states as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this chapter provides some background and clarification.

In the eighties, the New Approach was launched to overcome the lengthy adoption process of "old approach" type legislation. The goal of the European Union's harmonization program under the New Approach is to streamline technical harmonization and the development of standards for certain product groups, including, among others, machinery, toys, construction products,

electromagnetic compatibility, personal protective equipment, non-automatic weighing instruments, medical devices, gas appliances, hot water boilers, and radio and telecommunications terminal equipment (RTTE). Under the New Approach, Directives cover essential safety, health and environmental requirements. The three regional European standards organizations, CEN, CENELEC and ETSI, are mandated by the Commission to develop technical standards that are consistent with the essential requirements of EU Directives.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE Marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the European Union. A manufacturer can choose not to use the harmonized EU standards, but must then demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by EU Member State inspectors, the consumer may well perceive it as a quality mark.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

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The independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under the U.S./EU Mutual Recognition Agreements (MRA's), notified bodies based in the United States and referred to as conformity assessment bodies, will be allowed to test in the United States to EU specifications, and vice versa. The costs will be significantly lower and U.S. products will, as a result, become more competitive. At this time, the U.S./EU MRA's cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (in transition), and recreational craft (in force). This link lists to American and European Conformity Assessment bodies operating under a mutual recognition agreement:

<http://ts.nist.gov/ts/htdocs/210/gsig/mra.htm>

The accreditation bodies in Italy are SINAL, SNT and SINCERT. They are concerned with the accreditation of laboratories, calibration centers and certification/inspection bodies, respectively.

SINAL's (Sistema Italiano Nazionale di Accreditamento dei Laboratori) purpose is the national accreditation of Italian and foreign testing laboratories, to ensure that the results of the tests performed by them are universally accepted. Among the sectors with the largest number of accreditations are machinery, chemicals and the environment.

The Sistema Nazionale di Taratura (SNT) has the task of disseminating units of measurement in the various industries. SNT is composed of the primary institutes of metrology. These are the Istituto di Metrologia "Gustavo Colonnetti," the Istituto Nazionale Elettrotecnico "Galileo Ferraris," the ENEA (Ente per le Nuove Tecnologie, l'Energia e l'Ambiente), and SIT (Servizio Italiano di Taratura), a network of over 100 national laboratories accredited by the primary institutes of metrology. SINCERT (Sistema Nazionale per l'Accreditamento degli Organismi di Certificazione)

accredits certification bodies for quality systems, products, personnel, environmental management systems, and inspection bodies.

Publication of Technical Regulations

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The Official Journal is the official gazette of the European Union. It is published daily and consists of two series covering draft and adopted legislation as well as case law, questions from the European Parliament, studies by committees, and more:

<http://europa.eu.int/eur-lex/en/index.html>

It lists the standards reference numbers linked to legislation.

National technical regulations are published on the Commission's website:

<http://europa.eu.int/comm/enterprise/tris/>

to allow other countries/interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Labeling and Marking

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There is no general requirement for imports to be marked with country of origin. Under Italian legislation, the origin of imported merchandise is established through documentation accompanying the shipments, not through marking of products or their containers. Certain specified commodities, however, must be marked or labeled to show composition, and name and location of manufacturer, in accordance with various laws and regulations. The following articles are subject to special marking or labeling regulations: lime, cement and similar binding agents; pianos, automatic pianos, harmonicas and similar instruments; clinical thermometers; ethical medicines; cosmetics. Hallmarking of gold and silver articles is required before they can be offered for sale and only small tolerances are allowable for discrepancies from manufacturing errors. A hallmarking office may do the hallmarking after importation.

Italy uses the metric system of weights and measures, which is called the International System of Units (SI). The European Community has established standardized packaging units for numerous products, which should be consulted by U.S. exporters. Labeling must be in metric units for all imported products to be sold in Italy. Products are allowed to be imported and then labeled in SI metric units prior to sale. Dual labeling information is permitted, but the non-metric information must not predominate.

Imports of certain commodities such as packaged foods, distilled spirits, beer, wine, vinegar and foodstuffs are subject to special regulations requiring their labeling to display manufacturer, composition, content (in metric units), and country of origin. In view of the complexity of these regulations and changing requirements, information should be requested from the importer prior to shipment. When the services of an importer are not available, information can be obtained directly from the appropriate Italian Government authority listed at the end of this publication. For agricultural and food products, see "Trade Regulations and Standards for Agriculture" below.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 80/232/EC provides permissible ranges of nominal quantities, container capacities and volumes of a variety of products.

http://europa.eu.int/eur-lex/en/consleg/main/1980/en_1980L0232_index.html

The Eco-label The EU adopted legislation in 1992, revised in 2000, to distinguish environmentally friendly production through a voluntary labeling scheme called the Eco-label. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers who can show that their product is less harmful to the environment than similar such products. This "green label" also aims to encourage consumers to buy green products. However, the scheme does not establish ecological standards that all manufacturers are required to meet to place product on the market. Products without the EU Eco-label can still enter the EU as long as they meet the existing health, safety, and environmental standards and regulations.

There are concerns in the United States that the EU Eco-labeling program may become a de facto trade barrier; may not enhance environmental protection in a transparent, scientifically sound manner; may not be open to meaningful participation by U.S. firms; and may discriminate unfairly against U.S. business. The EU Eco-label is a costly scheme (up to EUR 1,300 for registration and up to EUR 25,000/ year for the use of the label, with a reduction of 25 percent for SMEs) and has therefore not been widely used so far. However, the Eco-label can be a good marketing tool and, given the growing demand for green products in Europe, it is likely that the Eco-label will become more and more a reference for green consumers.

Trade Agreements

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Italy has been a member of the European Union (EU) since its inception. The EU is a union of twenty-five independent states based on the European Communities founded to enhance political, economic and social cooperation. The EU forms a large unified market having free trade among the member states. It levies a common tariff on imported products coming from non-EU countries such as the United States, Japan, and Canada. The EU also has a common agricultural policy, joint transportation policy, and free movement of goods and capital within the member states. Other aspects of commercial activity are being harmonized, such as financial markets, insurance regulation, and pension programs.

The EU grants tariff preferences to more than 100 developing countries and about 40 overseas territories under the EU's Generalized System of Preferences (GSP). Imports of nearly all semi-manufactured and manufactured goods originating in these countries and territories enter the EU duty free. Annual duty-free quotas are established for those products, and a system with certificates of origin has been established to ensure that third parties through the GSP countries do not divert goods. The GSP User's Guide (yet to be updated with the recent changes) explains the main features of the GSP:

<http://europa.eu.int/comm/trade/issues/global/gsp/gspguide.htm>

Free trade agreements have been developed between the European Union and the European Economic Area (EEA), which includes Norway, Iceland and Liechtenstein. Under the terms of these agreements, most industrial products and certain processed agricultural products are exempt from import duties if exchanged within this trading bloc. The result of the agreements reached between the EU members and the EEA members is an open trading area for most industrial products between 19 nations, encompassing population of 380 million, soon to grow even larger as the EU expands.

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Standards Attaché
gwen.lyle@mail.doc.gov

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Ente Nazionale Italiano di Unificazione (UNI):
(Italian National Bureau of Standards)
<http://www.uni.com/>
uni@uni.com

CEI-Comitato Elettrotecnico Italiano:
(Electrical standards and certification)
<http://www.ceiweb.it/>

Ministero dell'Industria e Commercio
Ufficio Centrale Brevetti e Marchi
(Italian Patent and Trademark Office):
<http://www.uibm.gov.it/>
info@uibm.gov.it

CEN – European Committee for Standardization:
<http://www.cenorm.be>

CENELEC – European Committee for Electrotechnical Standardization:
<http://www.cenelec.org>

ETSI - European Telecommunications Standards Institute:
<http://www.etsi.org>

European Commission

Standards Website:

http://europa.eu.int/comm/enterprise/standards_policy/

EFTA – European Free Trade Association:

<http://www.efta.int/>

NORMAPME – European Office of Crafts Trades and Small and Medium-Sized Enterprises for Standardization:

www.normapme.com

ANEC - European Association for the Co-ordination of Consumer Representation in Standardization:

<http://www.anec.org>

EOTA – European Organization for Technical Approvals (for construction products):

<http://www.eota.be>

info@eota.be

EOTC – European Organization for Conformity Assessment:

www.eotc.be

tempdown@eotc.be

CUSTOMS CONTACT INFORMATION:

Italian Ministry of Finance's Customs Department:

<http://www.agenziadogane.it>

United States Export Administration

Bureau of Industry and Security:

<http://www.bis.doc.gov>

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Foreign direct investment in Italy is generally welcomed and encouraged without discrimination. The Italian Government, as well as major trade associations, have launched initiatives to identify and address deterrents to investing in Italy. The government has also pinpointed several sectors of opportunity for investors, which include aerospace, automotive, biotech, chemicals, food and beverages, information and communication technologies, regional transportation and logistics hubs, pharmaceuticals, and tourism.

As an EU Member State, Italy is bound by EU treaties and legislation, some of which have an impact on business investment. Prospective investors should also consult the investment climate statement for the EU at www.state.gov/e/eb. As specified under the right of establishment set forth in the EU Treaty (1957 Treaty of Rome), Italy provides national treatment to foreign investors established in Italy or in another EU member state, except in a few instances. Exceptions include limited access to government subsidies for the film industry, added capital requirements for banks domiciled in non-EU member countries, and restrictions on non-EU-based airlines operating domestic routes. Italy also has restrictions in the shipping sector.

The government does have the authority to restrict foreign investment in some areas or in some cases. The government can block mergers involving foreign firms for "reasons essential to the national economy" or, if the home government of the foreign firm applies discriminatory measures against Italian firms. Industry sectors, such as defense and aircraft manufacturing, are either closely regulated or prohibited outright to foreign investors. EU and Italian anti-trust laws give EU and Italian authorities the right to review mergers and acquisitions over a certain financial threshold.

The 2005 World Competitive Survey by the Swiss-based Institute for Management Development (IMD) ranked Italy fifty-third among the world's sixty most competitive economies. The 2005 World Economic Forum (WEF), "Global Competitiveness Report" ranked Italy forty-seventh among the 117 countries surveyed; Italy's economy was judged only better than Poland's among the twenty-five EU Member States.

Foreign investors are not prevented from investing in firms to be privatized, except in the defense sector. Privatization strategies have included private placement, worker shareholdings, management buy-outs, and public stock offerings. Often the government establishes a core group of shareholders who agree to keep their shares for a minimum period or retain a "golden share" (modest government stake, but with controlling authority). The European Commissioner for Internal Markets asked Italy to modify its golden share regulation by December, 2005 or face an infringement proceeding and potentially a case before the European Court of Justice. Italy is the only EU member country to keep wide-ranging golden share regimes for privatized companies, however, it plans to eliminate the golden share and introduce a measure to avoid hostile takeovers when the Italian Government's stake in the company falls below thirty percent. This measure is designed specifically for key energy and defense companies such as ENI, Enel, Terna and Finmeccanica. A recent study of the EU Commission highlights that in the EU there are twenty companies in which Member States hold golden share, five of which are Italian (Eni, Enel, Finmeccanica, Terna and Telecom).

Conversion and Transfer Policies

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In conformance with EU directives, Italy has no foreign exchange controls. There are no restrictions on currency transfers, only reporting requirements. Banks are required to report any

transaction over €12,500 (\$15,000) due to money-laundering and terrorism financing concerns. Profits, transfers, payments, and currency transfers may be freely repatriated. Residents and non-residents may hold foreign exchange accounts.

Expropriation and Compensation

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The Italian constitution permits expropriation of private property for "public purposes." Compensation is guaranteed and must adequately compensate the legitimate proprietor for losses. Lenders are not covered by the same constitutional guarantee as proprietors. The Constitution also authorizes the nationalization of enterprises that provide essential public services or are deemed indispensable to the national economy. There exists a few longstanding disputes in Italy involving U.S. citizens who assert that municipal governments unjustly expropriated their real property or inadequately compensated them. However, this does not reflect any Italian Government discrimination against U.S. investments, companies, or representatives in any specific sector of activity.

Dispute Settlement

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Italy's judicial system may serve as a deterrent to foreign investor as civil trials average seven years in length. U.S. investors in Italy can choose among different means of dispute resolution and the method chosen should be specifically set forth in the contract.

Italy is a member of the World Bank's International Center for the Settlement of Investment Disputes (ICSID). Italy has signed and ratified the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States, and is a signatory of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

Though extremely slow, the Italian legal system is consistent with generally recognized principles of international law, with provisions for enforcing property and contractual rights. Italy has a written and consistently applied commercial law and bankruptcy law. While the Italian judiciary is considered independent of the government, Italian judges may engage in political partisanship. Italian courts accept and enforce foreign judgments only upon request. For example, in 2005 the Court of Rome froze the financial assets held by the Iranian Embassy in Italy as a result of a U.S. Court ruling that Iran, as a state sponsor of terrorism, was liable for the deaths of Americans in terrorist attacks.

At the end of 2005 Italian Government passed a new bankruptcy regulation that reforms the 1942 bankruptcy regulation. The new regulation, analogous to U.S. Chapter 11 restructuring, provides more flexibility between parties to reach a solution before declaring bankruptcy. The judicial role in bankruptcy procedures has been drastically limited to simplify and speed up the process. The new regulation will go into effect in June 2006.

Performance Requirements and Incentives

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The Italian Government is in compliance with WTO Trade-Related Investment Measures (TRIMS) obligations. Foreign investors face specific performance requirements only in the telecommunications sector. New entrants in fixed line services must file with the government company information and state that they are operationally capable. Performance bonds were required for mobile licenses, but all have already been granted.

The Italian government offers incentives to encourage private sector investment in economically depressed areas, particularly in southern Italy. Please see www.InvestinItaly.com. Foreign

investors may participate in government research and development programs. Recently the Italian government began efforts to strengthen research and development by linking up basic and applied research. The Ministry of Education and Research has identified, funded, and signed Framework Program Agreements with seven "Technology Districts" and approved an additional twelve Districts. Technology Districts, created to facilitate co-operation between public and private researchers and venture capitalists, serve to support research and development of key technology, strengthen industrial research activities, and promote innovative behavior in small- and medium-sized enterprises. Please see www.miur.it/0003Ricerca/0142Ricerca/0754Techno/index_cf3.htm.

The Italian tax system does not discriminate between foreign and domestic investors. In 2003, the Italian Parliament passed a law to broadly reform the tax system (please see Law No. 80 of April 7, 2003, the "Reform" or "Law of Reform"). The law simplifies the tax legislation and creates a more favorable tax environment for domestic and foreign investments.

As far as taxation of corporation is concerned, the Reform has been implemented and entered into force on January 1, 2004. For corporations, the main characteristics of the reformed tax system are:

- A ceiling of 33% on corporate income tax rate.
- Exemption from capital gains taxes of profits resulting from selling interests in Italian and foreign corporations.
- Abolishment of the dividend tax credit, and the introduction of a 95% exemption on dividend distributions (provided dividends are distributed to corporations).
- Introduction of a group taxation regime for Italian/foreign corporations belonging to the same group to consolidate their tax base at the level of the Italian parent.
- Introducing the so-called 'thin capitalization rule' whereby a debt/equity ratio aims to avoid thin capitalization of Italian corporations. Thin capitalization is defined as when the overall debt exceeds four times the value of the company assets.

Right to Private Ownership and Establishment

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There is no limitation in either the Italian constitution or civil law on the right to private ownership and establishment. The Italian Government announced in September 2005 plans to dispose of real estate assets with an estimated value of three billion euros, a move designed to help reduce the national budget deficit. As part of this initiative in December 2005 the government set up Patrimonio 1, a real estate fund which includes real estate for sale, with an estimated value of 800 million euros.

Protection of Property Rights

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Italy is a member of the Paris Union International Convention for the Protection of Industrial Property (patents and trademarks) to which the United States and about 85 other countries adhere. U.S. citizens generally receive national treatment in acquiring and maintaining patent and trademark protection in Italy. After filing a patent application in the United States, a U.S. citizen is entitled to a twelve-month period within which to file a corresponding application in Italy and receive rights of priority- the benefit in Italy of the first U.S. filing date. Patents are granted for twenty years from the effective filing date of application and are transferable. U.S. authors can obtain copyright protection in Italy for their work first copyrighted in the United States merely by placing on the work, their name, date of first publication, and the symbol (c).

In August 2000, the Italian Parliament enacted a long-awaited "anti-piracy" law, providing for higher criminal penalties, including prison sentences of up to four years, for Intellectual Property Rights (IPR) violations. Italy has since been moved from the U.S. Trade Representatives Special 301 IPR "Priority Watch List" to the "Watch List." Copyrighted works sold in Italy generally must bear a sticker issued by SIAE, a royalty collection agency operating under authority from the

Ministry of Culture. While the music and film industries are largely satisfied with the sticker system, software industry associations have complained the system remains overly burdensome and fails to provide adequate protection from piracy. In January 2003, the Italian government approved exemptions for business software from the SIAE sticker requirement.

In 2005, Italy's parliament passed legislation that some copyright industry associations believe weaken Italy's IPR legal framework. Italy's Internet piracy statute was revised to reduce criminal sanctions for on-line piracy conducted without a profit motive. While illegal file sharing technically remains a crime, only those who engage in piracy for monetary gain now face jail time while all others face administrative fines only. Parliament also passed a broad-sweeping legal reform bill (known as the "ex-Cirielli" law), which places new limits on the statute of limitations in many criminal cases. While the law's supporters say the reform is necessary to speed the slow pace of trials, IP industries fear the new restrictions will discourage Italian prosecutors from pursuing IPR cases.

Enforcement of IPR remains a serious problem in Italy and falls below the standards of other developed Western European countries. Relatively few IPR cases are brought to trial. Even when prosecutors win a conviction, judges are generally reluctant to sentence offenders to prison. While Italy's national financial police force, the Guardia di Finanza, has grown steadily more effective in IPR enforcement, many local governments do little to stop the sale of pirated and counterfeit goods by street vendors. In April 2005, Italy enacted a new law empowering police to fine consumers of pirated and counterfeit items up to €10,000. Several municipalities, such as Florence, have undertaken aggressive publicity campaigns to alert Italians and foreign tourists of the new law. Pirated optical discs, in addition to counterfeit items, continue to be openly sold in most Italian cities.

Transparency of Regulatory System

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Italy is recovering from the collapse of Parmalat, and allegations that the Governor of Italy's Central Bank actively supported Italian banks to the detriment of foreign banks in takeovers, explicitly illegal under EU regulations. In an effort to improve accountability and competition, Italy's President approved a law December 28, 2005 to overhaul the Bank of Italy and improve corporate governance and oversight.

Italy is subject to single market directives mandated by the European Union, which are intended to harmonize many regulatory regime among EU countries. Harmonization of standards relating to labeling, content, production, safety, etc., can reduce development costs and contribute to economies of scale for companies that wish to operate in Italy.

The 12th edition of the "Index of Economic Freedom" published by the Wall Street Journal and Heritage Foundation gave Italy a 3 on a 1 – 5 scale for its regulatory environment. It cited red tape and regulations that vary from region to region and are inefficiently implemented as contributing to a non-transparent system.

Efficient Capital Markets and Portfolio Investment

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Financial resources flow relatively freely in Italian financial markets, and credit is allocated on market terms. Foreign participation in Italian markets is not restricted; foreign investors are able to get credit on local market and have access to variety of credit instruments. The Italian stock exchange has fewer than 300 companies, and according to the Organization for Economic Cooperation and Development's 2005 Economic Survey of Italy, new listings have decreased since 2000, especially in the Nouvo Mercato segment specializing in innovative companies. In response, Borsa Italiana established two new segments of the market devoted to smaller companies: STAR and Mercato Expandi launched in 2001 and 2003, respectively. Nuovo

Mercato has been reshaped and given a new name (Techstar). Despite this effort, the number of listed companies continues to decrease. The 2004 budget law introduced a reduction in the business tax rate from 33% to 20% for newly listed companies during its first three years. Moreover, taxation of capital gains from mutual funds specialized in small listed companies has been reduced from 12.5% to five percent.

Financial services companies incorporated in another EU member state may offer investment services in Italy without establishing a local presence. U.S. and other firms based in non-EU member states may operate under authorization from Italian Companies and Stock Exchange Commission (CONSOB), the oversight authority for securities markets, corporate governance, and company audits.

There is a growing competitive equality between the public and private sectors. Previously, Italian government bonds absorbed a large share of available domestic investment, but this share declined as interest rates on those bonds dropped as Italy prepared for EU economic and monetary union. Even with lower yields, the Italian government bonds are considered a safe haven for domestic investors burned by defaults on Argentinean, as well as Parmalat and Cirio, bonds.

Authorization by the Bank of Italy is required to acquire more than five percent of a financial institution's capital (or to gain effective control of a financial institution, regardless of the amount of capital acquired). Non-bank companies (either Italian or foreign) may not acquire more than 15 percent of a bank's capital. Complex cross-shareholding has been used to fight off takeover attempts in the financial sector. Foreign banks are part of "stable shareholder" arrangements of Italian largest bank. Recently the Dutch Bank ABN-Amro obtained complete control of an Italian medium sized bank, Banca Antonveneta. This is the first Italian bank to be fully controlled by a foreign bank.

The Italian banking sector remains sound despite the recent allegations of favoritism by the Bank of Italy. The ratio of outstanding bank credit to GDP rose to 86 percent in 2004 and only 4.7 percent of total lending is estimated non performing. The banking sector in the last decade has undergone significant consolidation, with about 60 percent of total Italian banking assets involved. From 1994 to 2004, 331 mergers and acquisitions took place, with the number of banks decreasing from almost 1,000 to less than 780 at end-2004. Country's largest banks are Intesa-Bci, San Paolo-IMI, Capitalia, Unicredito Italiano, and Banca Nazionale del Lavoro and Monte dei Paschi di Siena. The total assets of Italy's six largest banks is equal to 54.6 percent of total assets. Retail banking fees in Italy are the highest among EU Member States. For example, the price to provide a basic payment service related to a bank account is eight times higher in Italy than in the most efficient EU Member State

Political Violence

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Political violence is considered a low threat to foreign investments in Italy.

Corruption

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Italy is a signatory to the 1997 OECD Convention on Combating Bribery, ratified in September 2000. Italy has signed, but not ratified, the United Nations Convention Against Corruption, which was adopted in 2003 and came into force on December 14, 2005.

Recent charges of favoritism leveled against Bank of Italy's Governor Fazio eventually led to his resignation and helped encourage parliament to push through a law designed to make the Bank both more accountable and transparent. Although the scandal initially negatively impacted Italy's image, it may result in a more transparent and investor-friendly framework for the banking industry.

According to Transparency International's (TI) 2005 Global Corruption Barometer Survey, Italians perceive sectors related to investment as corrupt. When Italians were asked, to what extent do you perceive the following sectors in this country/territory to be affected by corruption? (1: not at all corrupt, ... 5: extremely corrupt), they assigned 3.5 to the categories of Business/Private Sector, Tax Revenue, and Registry and Permit Services, well above the average for Western Europe of 2.5. More than 50% of Italians felt that business had been adversely affected by corrupt practices.

TI's Corruption Perceptions Index 2005 ranked Italy the fortieth least corrupt country in the world. While a slight improvement over its 2004 ranking, it is still perceived as being more corrupt than most EU member states (ranked eighteenth out of twenty-five). In January 2003, Italy enacted a law creating a High Commissioner to prevent and combat bribery within public administration.

Corruption is punishable under Italian law. As in all judicial processes, much discretion regarding punishment is left to the presiding judge. Most corruption in the recent past has involved government procurement or bribes to tax authorities. Bribes are not considered deductible business expenses under Italian tax law.

Bilateral Investment Agreements

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Italy has bilateral investment agreements with the following countries as of June 2005:

Also see in Italian: www.mincomes.it/proinv/proinv

Additional information on bilateral agreements can be found at <http://www.unctad.org>

Albania
Algeria
Angola (signed, not enforced)
Argentina
Armenia
Azerbaijan
Bangladesh
Barbados
Belarus
Bolivia
Bosnia and Herzegovina (signed, not enforced)
Brazil (signed, not enforced)
Bulgaria
Cape Verde (signed, not enforced)
Chad
Chile
China
Colombia (signed, not enforced)
Congo
Côte d' Ivoire (signed, not enforced)
Croatia
Cuba
Czech Republic
Ecuador (signed, not enforced)
Egypt
Eritrea
Estonia
Ethiopia
Gabon (signed, not enforced)
Georgia
Ghana (signed, not enforced)
Guatemala (signed, not enforced)

Guinea
Hong Kong, China
Hungary
India
Indonesia
Iran, Islamic Republic of (signed, not enforced)
Jamaica
Jordan
Kazakhstan
Kenya
Korea, DPR of (signed, not enforced)
Korea, Republic of
Kuwait
Latvia
Lebanon
Lithuania
Macedonia, TFYR
Malawi (signed, not enforced)
Malaysia
Malta
Mauritania (signed, not enforced)
Mexico
Moldova, Republic of (signed, not enforced)
Mongolia
Morocco
Mozambique (signed, not enforced)
Nicaragua (signed, not enforced)
Oman
Pakistan
Paraguay (signed, not enforced)
Peru
Philippines
Poland
Romania
Russian Federation
Saudi Arabia
Slovakia
Slovenia
South Africa
Sri Lanka
Syrian Arab Republic (signed, not enforced)
Tunisia
Turkey
Uganda
Ukraine
United Arab Emirates
Tanzania, United Republic of
Uruguay
Uzbekistan
Venezuela
Vietnam
Zambia (signed, not enforced)
Zimbabwe (signed, not enforced)

The U.S. Overseas Private Investment Corporation (OPIC) does not operate in Italy. However, in March 2003, OPIC signed a Memorandum of Understanding with SIMEST (Societa Italiana per le Imprese all'Estero), its Italian counterpart, to expand cooperation in a number of areas, particularly on projects in third countries. Italy, through its Export Credit Agency, SACE, has signed a memorandum of understanding with the World Bank's Multilateral Investment Guarantee Agency (MIGA).

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Unemployment in Italy was currently around 7.1 percent in the third quarter of 2005 below the average of 8.7 percent among euro zone countries (November 2005). Italy's unemployment rate is currently at the lowest level since 1992. Traditional regional disparities remain unchanged with the southern third of the country having a 13.2 percent unemployment rate compared to 3.9 percent in the northern third and 5.8 percent in central Italy. Despite these differences, internal migration within Italy remains modest. Labor shortages in the North are being filled by unskilled and semi-skilled immigrants. Reforms undertaken by the Berlusconi government, including the Biagi Law, have exempted new jobs from rigid requirements that previously discouraged foreign investors.. The Bossi-Fini law, enacted in 2001, provides for the legalization of 650,000 undocumented foreign workers and grants a residence permit to immigrants who are legally employed. Roughly 2,800,000 immigrants reside in Italy, of whom 1,600,000 are working.

Italy's labor force is fairly well-educated, with just under 36 percent of people aged 19 to 25 enrolled in university/tertiary level of education for the 2001-2 academic year. According to the 2001 census, 7.9% of adults hold university degrees. However the drop-out rate is high; the OECD cites just over 40 percent of students who matriculate actually complete their degree. According to the OECD 2005 Economic Review of Italy, the private internal rate of return, which measures incentives to invest in human capital, is much lower for tertiary education (6.5 per cent) than the OECD average (11.8 per cent), indicating there may be little incentive for Italians to pursue higher education. This is because persons with tertiary educations do not earn substantially more than persons with upper secondary educations, and because the unemployment risk is comparable for people at both levels of education. Therefore, firms interested in investing in Italy may have difficulties finding highly specialized Italian employees.

Like many western EU Member States, Italy has been known for legal obstacles to hiring and firing workers. Companies may bring in a non-EU employee only after the government-run employment office has certified that no qualified, unemployed Italian is available to fill the position. Work visas are subject to annual quotas, although intra-company transfers are exempt from quota limitations.

Recently the Italian labor market has become somewhat more flexible. A series of legal reforms has encouraged the hiring of part-time employees by reducing employer social security contributions for these workers. New laws have also created opportunities for outsourcing, job-sharing and use of private employment services. New types of contracts now exist that allow for reduced labor costs. U.S. companies in Italy increasingly are satisfied with labor flexibility. However, high costs and legal obstacles associated with laying off workers remain a disincentive for adding employees.

Italy is an International Labor Organization member country. Terms and conditions of employment are also periodically fixed by collective labor agreements in different professions. Most Italian unions are grouped into four major national confederations: The General Italian Confederation of Labor - CGIL; the Italian Confederation of Workers' Unions - CISL; the Italian Union of Labor - UIL; and the General Union of Labor - UGL. The first three organizations are affiliated with the International Confederation of Free Trade Unions (ICFTU), while the UGL has been associated

with the World Confederation of Labor (WCL). The confederations negotiate national level collective bargaining agreements with employer associations, which in effect are binding on all employers in a sector or industry. As the result of a tripartite agreement among employer groups, the government, and unions, the confederations accepted wage moderation in exchange for participation in formulating national economic policy.

Foreign-Trade Zones/Free Ports

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There are two free trade zones in Italy, located in Trieste and Venice, both in the northeast. Goods of foreign origin may be brought in without payment of taxes or duties, as long as the material is to be used in the production or assembly of a product that will be exported. The free-trade zone law also allows a company, of any nationality, to employ workers of the same nationality under that country's labor laws and social security systems.

Benefits of a free-trade zone include:

- customs duties deferred for 180 days from the time that the goods leave the free trade zone to enter another EU country;
- the goods may undergo transformation free of any customs restraints;
- absolute exemption from any duties on products coming from a third country

Foreign Direct Investment Statistics

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While Italy provides a reasonably attractive environment for investment, there is a growing recognition in both the Italian public and private sector that Italy lags behind many of its fellow European Union (EU) member states in attracting and maintaining foreign investment. According to UN figures, net foreign investment into Italy in 2003 totaled USD 16.4 billion (equal to 1.1 percent of GDP), well below that of Luxembourg (USD 87.6 billion) France (USD 47 billion), Belgium (USD 29.5), Spain (USD 25.6 billion), Ireland (USD 25.5) but slightly above that of Germany (USD 12.9 billion).

Table 1: Italian Foreign Direct Investment Inflows by Economic Sector (Net) 2001-2004 (USD Millions) (1) (*)

	2001	2002	2003	2004
Agriculture	171.6	-95.6	108.5	234.8
Energy	922.3	435.2	1993.8	4463.3
Industry of which:	4758.1	4942.9	5933.1	2016.2
Machine	1125.8	1942.1	2023.9	3690.7
Chemical	358.9	623.4	1066.8	-3535.4
Food	991.2	504.2	2483.5	362.7
Textiles	240.1	394.5	353.4	513.0
Mineral/Metal	334.4	311.2	468.5	687.0
Other	1707.7	1167.5	-463.0	298.2
Building and Public Works	146.6	168.4	363.0	125.7
Services of which:	8185.9	8812.9	6634.2	9576.4

Banking/Insurance	1761.8	4011.0	2972.2	5749.1
Trade	845.5	525.0	410.4	36.0
Transportation/Communication	1119.3	544.0	-412.6	516.8
Other Services				
(Not For Sale)	4459.3	3732.9	3664.2	3274.5
TOTAL	14184.6	14263.8	15031.9	16416.2

Table 2: Italian Direct Investment Outflows by Economic Sector (Net) 2001-2004 (Millions Of Dollars) (1) (*)

	2001	2002	2003	2004
Agriculture	8.8	8.5	38.0	21.1
Energy	8313.1	2376.4	3450.7	5336.7
Industry	4834.9	3321.4	1332.9	7573.9
of which:				
Machine	1393.2	1428.5	-1393.3	4234.8
Chemical	651.7	321.6	721.2	1730.4
Food	557.4	99.3	295.2	151.6
Textiles	151.7	469.2	336.6	287.0
Mineral/Metal	774.3	158.0	274.0	246.0
Other	1306.7	844.8	1099.2	924.1
Building & Public Works	105.5	-35.0	223.6	85.7
Services	7891.3	9848.8	1935.7	5037.3
of which:				
Banking/ Insurance	708.6	4140.6	5492.6	2636.0
Trade	428.3	852.3	485.3	1060.9
Transportation/ Communication	2661.9	338.7	-8217.6	-923.0
Other Services				
(Not For Sale)	4092.5	4517.2	4175.4	2263.4
TOTAL	21153.6	15520.1	6980.9	18054.7

Table 3a: Stock Of Foreign Direct Investment In Italy by Major Investors; Year End 2001-2004 (USD Millions) (1)

	2001	2002	2003	2004
United States	13781.5	15373.7	19458.1	22448.3
EU	67574.5	80358.0	113750.9	140705.8
of which:				
EU15	67574.5	80358.0	113750.9	140300.8
of which:				
France	14273.7	17071.0	21294.1	24618.1
Netherlands	14033.8	17444.7	26882.4	39024.4
United Kingdom	12791.7	14692.1	22266.6	26624.2
Germany	8868.0	9959.3	13797.2	14317.9
Luxembourg	10703.7	13171.2	18354.2	22345.1
Sweden	2208.8	2431.2	2967.5	3343.1
Spain	853.9	936.3	1279.1	1941.8
Other EU (3)	3840.8	4652.3	6909.9	8086.2
Other EU25 (4)	N/A	N/A	N/A	405.0
Switzerland	13899.7	15375.8	18481.9	21881.1

Liechtenstein	1334.7	1438.4	1824.8	2106.7
Japan	1984.8	2315.2	2991.2	3596.6
Argentina	119.1	129.4	185.3	257.7
Brazil	54.7	58.5	78.8	128.7
Other	5740.8	6182.7	7330.4	9736.8
TOTAL	104,489.8	121,231.7	164,816.0	200,456.7

Table 3b: Stock of Foreign Direct Investment In Italy By
Major Investors; Year End 2001-2004 (Percentage of Total)

	2001	2002	2003	2004
United States	13.2	12.7	11.8	11.2
EU	64.7	66.3	69.0	70.2
of which:				
EU15	64.7	66.3	69.0	70.0
France	13.7	14.1	12.9	12.3
Netherlands	13.4	14.4	16.3	19.5
United Kingdom	12.2	12.1	13.5	13.3
Germany	8.5	8.2	8.4	7.1
Luxembourg	10.2	10.9	11.1	11.1
Sweden	2.1	2.0	1.8	1.7
Spain	0.8	0.8	0.8	1.0
Other EU15 (3)	3.8	3.8	4.2	4.0
Other EU25 (4)	N/A	N/A	N/A	0.2
Switzerland	13.3	12.7	11.2	10.9
Liechtenstein	1.3	1.2	1.1	1.1
Japan	1.9	1.9	1.8	1.8
Argentina	0.1	0.1	0.1	0.1
Brazil	0.1	0.1	0.0	0.1
Other	5.4	5.0	4.4	4.8
TOTAL	100.0	100.0	100.0	100.0

Table 4a: Stock Of Italian Direct Investment Abroad by
Major Recipient; Year End 2001-2004 (Millions Of Dollars) (2)

	2001	2002	2003	2004
United States	18799.9	17390.4	18420.5	18858.5
EU	106956.2	118190.0	147956.2	182591.9
Of which:				
EU15	106956.2	118190.0	147956.2	180360.5
Netherlands	29154.3	32087.7	48455.6	63292.5
Luxembourg	20457.4	24228.6	21755.9	26373.4
France	15487.5	16131.5	20921.2	24353.9
United Kingdom	17437.9	18715.0	20270.3	24167.5
Germany	9505.8	9272.4	13065.1	15764.8
Spain	6204.9	7125.3	9871.1	10886.2
Sweden	602.5	600.2	748.4	866.3
Other EU15 (3)	8708.4	10029.3	12868.6	14655.9
Other EU25 (4)	N/A	N/A	N/A	2231.4
Switzerland	8975.6	9321.5	11176.5	10,563.1

Brazil	4056.9	2486.4	3473.1	3,956.0
Argentina	2133.0	1633.6	2127.7	2,179.1
Japan	965.0	954.1	1137.7	1,240.4
Liechtenstein	141.1	144.1	169.0	194.4
Other	17761.7	19552.1	23107.6	24,921.1
TOTAL	159789.5	169672.0	208635.8	244,504.5

Table 4b: Stock Of Italian Direct Investment Abroad by
Major Recipient; Year End 2001-2004 (Percentage Of Total)

	2001	2002	2003	2004
United States	11.8	10.2	8.8	7.7
EU	66.9	69.7	70.9	74.7
of which:				
EU15	66.9	69.7	70.9	73.8
Luxembourg	12.8	14.3	10.4	10.8
Netherlands	18.2	18.9	23.2	25.9
France	9.7	9.5	10.0	10.0
Germany	5.9	5.5	6.3	6.4
United Kingdom	10.9	11.0	9.7	9.9
Spain	3.9	4.2	4.7	4.5
Sweden	0.4	0.4	0.4	0.4
Other EU15 (3)	5.1	5.9	6.2	6.0
Other EU25 (4)	N/A	N/A	N/A	0.9
Switzerland	5.6	5.5	5.4	4.3
Brazil	2.5	1.5	1.7	1.6
Argentina	1.3	1.0	1.0	0.9
Japan	0.6	0.6	0.5	0.5
Liechtenstein	0.1	0.1	0.1	0.1
Other	11.2	11.5	11.1	10.2
TOTAL	100.0	100.0	100.0	100.0

Table 5a: U.S. Investment In Italy by Economic Sector
Outstanding End-Year 2001-2004 (Millions Of Dollars) (2)

	2001	2002	2003	2004
Agriculture	21.2	29.2	36.3	40.2
Energy	404.0	434.2	545.7	627.6
Industry	8712.8	9236.0	11812.3	13607.1
of which:				
Machine Transportation	2067.7	2098.1	2635.8	2979.7
Equipment	586.6	621.1	782.2	902.5
Chemical	2303.2	2487.5	3162.7	3689.1
Food	1223.5	1306.9	1667.1	1920.3
Textiles	165.8	179.5	230.3	273.6
Minerals/Metals	240.8	272.4	395.5	451.9
Other	2125.0	2297.5	2938.7	3390.0
Services	4643.5	5647.2	7063.8	8173.4
of which:				
Trade	643.2	690.0	853.6	987.0

Banking/Insurance	2248.5	2910.2	3505.6	4008.2
Transportation/Communication	419.9	456.2	582.0	666.5
Other Services	1340.8	1590.8	2122.7	2511.7
TOTAL	13781.5	15373.7	19458.1	22448.3

Table 5b: U.S. Investment In Italy by Economic Sector
Outstanding End-Year 2001-2004 (Percentage Of Total)

	2000	2001	2002	2003
Agriculture	0.2	0.2	0.2	0.2
Energy	2.9	2.8	2.8	2.8
Industry	63.2	60.3	60.7	60.6
of which:				
Machine Transportation	15.0	13.7	13.6	13.3
Equipment	4.3	4.0	4.0	4.0
Chemical	16.7	16.2	16.3	16.4
Food	8.9	8.5	8.6	8.6
Textiles	1.2	1.2	1.2	1.2
Minerals/Metals	1.8	1.8	2.0	2.0
Other	15.5	14.9	15.0	15.1
Services	33.7	36.7	36.3	36.4
of which:				
Trade	4.6	4.5	4.4	4.4
Banking/Insurance	16.3	18.9	18.0	17.9
Transportation/Communication	3.1	3.0	3.0	3.0
Other Services	9.7	10.3	10.9	11.1
TOTAL	100.0	100.0	100.0	100.0

Table 6a: Italian Investment in the U.S. by Economic Sector
Outstanding End-Year 2001-2004 (Millions Of Dollars) (2)

	2000	2001	2002	2003
Agriculture	54.7	48.0	51.3	52.3
Energy	1971.6	1727.6	1816.0	1831.8
Industry	7349.0	6749.5	7061.3	7254.8
of which:				
Machine Transportation	2759.3	2484.3	2732.2	2777.2
Equipment	843.3	775.6	863.6	950.8
Chemical	507.2	494.8	261.6	205.2
Food	263.8	249.5	264.1	273.6
Textiles	723.3	670.1	724.7	741.6
Minerals/Metals	1548.1	1440.5	1541.9	1589.1
Other	703.9	634.7	673.3	717.3
Services	9424.7	8865.3	9491.9	9719.6
of which:				
Trade	1175.9	690.0	1142.7	1177.4
Banking/Insurance	4433.6	4179.5	4434.3	4615.7
Transportation/Communication	284.9	456.2	274.1	232.0
Other	3530.3	3539.7	3640.8	3694.5
TOTAL	18799.9	17390.4	18420.5	18858.5

Table 6b: Italian Investment in the U.S. by Economic Sector
Outstanding End-Year 2000-2003 (Percentage Of Total)

	2001	2002	2003	2004
Agriculture	0.3	0.3	0.3	0.3
Energy	9.0	10.5	9.9	9.9
Industry	39.5	39.1	38.8	38.3
of which:				
Machine Transportation	14.0	14.7	14.3	14.8
Equipment	4.5	4.5	4.5	4.7
Chemical	2.8	2.7	2.9	1.4
Food	0.9	1.4	1.4	1.4
Textiles	4.1	3.9	3.8	3.9
Minerals/Metals	8.7	8.2	8.3	8.4
Other	3.3	3.7	3.6	3.7
Services	51.2	50.1	51.0	51.5
of which:				
Trade	6.4	6.3	4.0	6.2
Banking/Insurance	24.1	23.6	24.0	24.1
Transportation/Communication	0.6	1.5	2.6	1.5
Other	20.1	18.7	20.4	19.7
TOTAL	100.0	100.0	100.0	100.0

Table 7: Direct Investment by Origin And Destination
Outstanding End-Year 2004 (Millions Of Dollars) (4)

	Foreign Investment in Italy	Investment Abroad	Italian Position
EU	140705.8	182591.9	41886.1
(of which):			
EU15	140300.8	180360.5	40059.7
(of which):			
United Kingdom	26624.2	24167.5	-2456.7
Netherlands	39024.4	63292.5	24268.1
Germany	14317.9	15764.8	1446.9
France	24618.1	24353.9	-264.2
Spain	1941.8	10886.2	8944.4
Luxembourg	22345.1	26373.4	4028.3
Belgium	3336.4	5310.4	1974.0
Sweden	3343.1	866.3	-2476.8
Other EU15 (6)	4749.8	9345.5	4595.7
Other EU25 (4)	405.0	2231.4	1826.4
Non-EU	59750.9	61912.6	2161.7
(of which):			
USA	22448.3	18858.5	-3589.8
Switzerland	21881.1	10563.1	-11318.0
Liechtenstein	2106.7	194.4	-1912.3
Japan	3596.6	1240.4	-2356.2
Canada	866.3	1170.7	304.4

Argentina	257.5	2179.1	1921.6
Brazil	128.7	3956.0	3827.3
Other	8465.7	23750.4	15284.7
TOTAL	200456.7	244504.5	44047.8

(1) Annual net investment flow data compiled by the Economic Section of the Embassy based on Bank of Italy data and converted at the following end year exchange rates:

	2001	2002	2003	2004
Euro/Dollar	1.117	1.057	0.894	0.805

(2) Compiled by the Economic Section of the Embassy based on Bank of Italy data and converted at the following end year exchange rates:

	2001	2002	2003	2004
Euro/Dollar	1.134	0.958	0.799	0.746

(*) Net = New Investment Less Disinvestment. The volatility and huge changes from year to year in some sections can be explained in part by the fact that listed data are "Net" : New Investment Minus Disinvestment.

(3) Belgium, Austria, Denmark, Finland, Portugal, Greece, Ireland

(4) Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia (members since May 1, 2004).

(5) Original data in euro and converted at the end-2004 exchange rate, one dollar equals 0.746.

(6) Austria, Denmark, Finland, Portugal, Greece, Ireland

Sources: Italian Exchange Office And Bank Of Italy Annual Report 2005.

Web Resources

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To see a list of countries that Italy has bilateral investment agreements with see the following website: www.mincomes.it/proinv/proinv

Information on copyrights: www.europa.eu.int/comm/internal_market/en/intprop/news/index.htm

Information on patents: www.european-patent-office.org.

Information on industrial property: www.europa.eu.int/comm/internal_market/en/indprop/index.htm

Information on trademarks and design: <http://oami.eu.int/en/design/default.htm>

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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American firms most frequently provide the Italian buyer with a price quote that includes packing costs, insurance, and freight (c.i.f. price). The average Italian business representative can then usually determine the charges for customs, taxes, and local transportation to arrive at the importer's final landed cost. The customary terms of sale in Italy are either cash or net. Sales made on cash terms call for payment before delivery, on delivery, or shortly after delivery – usually within 10 days. A two to five percent discount is made for payment of the full amount of the transaction at the end of the specified period from one to four months from the date of the invoice. The length of the period depends on the commodity involved, the credit standing of the buyer, and the motivation of the seller. A period of up to two years is often allowed for payment of capital goods, store equipment, trucks, and similar heavy equipment.

Some U.S. suppliers have lost business because Italian firms believe their payment terms are too rigid. Exporters should regard financing as another competitive factor, on par with the product itself, the delivery date, or after-sales service. U.S. manufacturers will be more competitive by allowing accounts to be settled from 60 to 120 days following receipt of the order.

Although originally an Italian creation, the use of irrevocable letters of credit has declined appreciably in Italy in recent years. Because of the growing reluctance of Italian firms to pay high fees associated with letters of credit, American exporters should explore other mechanisms to ensure payment from Italian customers of uncertain credit worthiness, or risk losing the sale. Alternatives include export credit insurance and guarantee programs available through the Foreign Credit Insurance Association (FCIA).

Just as sales offer terms should be clear and detailed, shipment terms should conform to contract specifications and should be consistent with any samples that were sent to the Italian importer. Agreed delivery schedules should be met, as prompt delivery may be a decisive consideration of the importer in placing additional orders. When shipping on letter of credits, all terms specified on the letter of credit must be strictly observed. If all the terms are not followed, the bank may not honor the letter of credit.

How Does the Banking System Operate

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Italy has a well-developed banking and credit system with numerous correspondent U.S. banks. Italian banks are subject to close government supervision, and the Bank of Italy must authorize the establishment of any new bank.

U.S. firms seeking to finance major portions of their capital investment outside the United States may find capital available in the Eurodollar market. U.S. bank branches in Italy can assist in financing capital investment.

There are about 780 banks and over 30,000 branches performing commercial and other services throughout Italy. Among the most important are Intesa-Bci, San Paolo-IMI, Capitalia, Unicredit Italiano, Banca Nazionale del Lavoro, and Monte dei Paschi di Siena. These banks are a principal source of credit information. The banking sector has undergone significant consolidation in the last decade, involving about 60 percent of total Italian banking assets. From 1994 to 2003, 314 mergers and acquisitions took place; and the number of banks decreased from almost 1,000 to less than 800 at end-2004. This process, already the largest among European countries in terms of bank assets, is expected to continue over the next several years as the Italian banking sector becomes more competitive in the single European market.

Several U.S. banks perform services in Italy, through branches, subsidiaries, or representatives. Many American banks can also provide their commercial customers with services such as bank reports on overseas buyers, assistance for letters of credit, and foreign exchange. U.S. banks with offices in Italy include Chase, Citibank, Morgan Guaranty Trust, Bank of New York, and Bank of America, as well as numerous smaller, regional banks.

Banks in Italy that have the authority to participate in foreign exchange usually have a U.S. correspondent. Foreign currency transfers and foreign exchange transactions must be channeled via authorized intermediaries (for example, the Bank of Italy or the Italian Foreign Exchange Office). Larger Italian banks usually have branches in one or more U.S. cities.

The Bank of Italy, Italy's central bank, follows euro notes issues, performs credit, financial and market supervision, and regulates bank mergers. The financial market oversight reform bill, passed in the last quarter of 2005 and drafted in consultation with the European Central Bank (ECB), cuts the Central Bank Governor's term from life to six years, limits the Governor to two terms in office, and divides the Central Bank's banking competition oversight responsibilities with Italy's anti-trust authority. The bill also authorizes CONSOB, Italy's securities regulator, to raid firms suspected of securities violations and to impound evidence. These changes followed controversy in mid- 2005 over attempts by foreign banks to purchase Italian banks. Allegations that the Central Bank supported protectionist efforts to block these mergers had a negative impact on the institution's image, and a new Governor was appointed to restore the Bank's reputation as a non-political overseer of the Italian economy

Foreign-Exchange Controls

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Italy has no restrictions on the amount of foreign exchange instruments, currency, or checks that may be brought into the country. Normally, 10,000 euros may be taken out of the country, but any amount declared upon entry may be re-exported.

Italian exchange regulations are issued by the [Italian Exchange Office](#) (Ufficio Italiano dei Cambi--UIC), Via Quattro Fontane 123, Rome 00184, Italy. Foreign currency may be sold or acquired from the Bank of Italy or any of the banks authorized by the Bank of Italy. In effect, all commercial banks are authorized to conduct foreign exchange transactions.

Dollar currency, travelers checks, and, in some cases, personal checks, may be exchanged at banks, exchange offices, authorized tourist offices, and hotels. Major credit cards are accepted with proper identification, and ATMs are ubiquitous.

U.S. Banks and Local Correspondent Banks

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A large number of Italian banks have correspondence relationships with U.S. banks. Below is a listing of Italian banks with branch offices in the U.S.

Sanpaolo IMI S.p.A.

Piazza San Carlo 156

10121 Torino

Tel.: +39-011-5551

www.sanpaoloimi.com

info@sanpaoloimi.com

CEO Americas Area

C/o New York Branch

245 Park Avenue, Suite 3500

New York, NY 10167
Tel.: (212) 692-3010
Fax: (212) 692-3046
carlo.persico@sanpaoloimi.com
Carlo Persico, Manager

444 South Flower Street
23rd Floor
Suite 2360
Los Angeles, CA 90071
Tel.: (213) 489-3100
Fax: (213) 622-2514
losangeles.repoffice@sanpaoloimi.com
Donald Brown, Manager

245 Park Avenue, Suite 3500
New York, NY 10167
Tel.: (212) 692-3000
Fax: (212) 599-5303/599-5304
renato.carducci@sanpaolimi.com
Renato Carducci, Manager

Banca di Roma

Viale Umberto Tupini 180
00144 Roma
Tel.: +39-06-54451
www.bancaroma.it
webmaster@bancaroma.it

34 East 51st Street
New York, NY 10022
Tel.: (212) 407-1600/407-1707/407-1746/407-1780
Fax: (212) 407-1677/407-1740/407-1786
newyork@us.bdroma.com
Bdrny@earthlink.net

225 West Washington Street, Suite 1200
Chicago, IL 60606
P.O. Box 7878 (or 6370)
Chicago, IL 60680
Tel.: (312) 704-5600
Fax: (312) 726-3058
chicago@us.bdroma.com
Bdrchicago@aol.com
Bdrchjb@aol.com

One Market Street
Steuart Tower, Suite 1000
San Francisco, CA 94105
Tel.: (415) 357-0800/ 977-7301
Fax: (415) 357-9869
sanfrancisco@us.bdroma.com
Bdrsf@opticemail.com

Banca Intesa S.p.A.

Via Monte di Pietà 8
20121 Milano
Tel.: +39-02-879-11
www.bancaintesa.it
info@bancaintesa.it

One William St.
New York, NY 10004
Tel.: (212) 607-3500
Fax: (212) 809-2124
Contact: Eduardo Bruno Bombieri, Branch Manager
rsiwanowicz@bancaintesa.us

Banca Nazionale del Lavoro BNL S.p.A.

Via Vittorio Veneto 119
00187 Roma
Tel.: +39-06-470-21
Fax: +39-06-7402-7250
www.bnl.it
redazionebnl@bnlmail.com

25 West 51st Street
New York, NY 10019
Tel.: (212) 581-0710
Fax: (212) 489-9088
comdiv@bnlly.com

Xerox Centre

55, West Monroe Street, Suite 3490
Chicago, IL 60603
Tel.: (312) 444-9250/ 444-9251/ 444-9252/ 444-9253/ 444-9254
Fax: (312) 444-9410
bnlchicago@bnlly.com

Sanpaolo Banco di Napoli S.p.A.

Via Toledo 177/178
80132 Naples
Tel.: +39-081-791-1111
Fax: +39-081-580-1343
www.bancodinapoli.com
info.bdn@sanpaoloimi.com

Banco di Sicilia S.p.A.

Via Ruggero Settimo 1
90141 Palermo
Tel.: +39-091-608-1111
Fax: +39-091-608-3222
<http://www.bancodisicilia.it/>
sicilbanco@bancodisicilia.it

UniCredito Italiano S.p.A.

Direzione Centrale
Piazza Cordusio 2
20123 Milano
Tel.: +39-02-886-211
www.unicredito.it
info@unicredit.it

375 Park Avenue
New York, NY 10152
Tel.: (212) 546-9600
Fax: (212) 546-9675
newyorkbranch@gruppocredit.it

Ufficio di Rappresentanza
Two Prudential Plaza
180 North Stetson Avenue, Suite 1310
Chicago, IL 60601-6713
Tel.: (312) 946-1111
Fax: (312) 946-1112
repoffice@ucichicago.com

Banca Monte dei Paschi di Siena S.p.A.

Piazza Salimbeni 3
53100 Siena
Tel.: +39-0577-294-111
Fax: +39-0577-294-677
www.mps.it

55, East 59th Street
New York, NY 10022-1112
Tel.: (212) 891-3600
Fax: (212) 891-3661/3
Romeo Carlo Cella, Direttore Titolare
romeocarlo.cella@banca.mps.it

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Italy is classified as a "rich" country by the OECD and does not qualify for special USG export credit assistance. The network of Italian banks with branches in the U.S. offers limited export credit assistance. Similarly, large U.S. banks and/or local banks located in the exporter's state can offer factoring; exchange fluctuation hedging and limited exporter's credit services. The Export-Import Bank of the United States (Exim Bank) and FCIA consider Italy a low political risk country. Small business exporters may obtain assistance under the SBA's Export Revolving Line of Credit (ELRC) loan program.

The Italian government promotes investment in less developed parts of the country, particularly the south, through incentives such as tax reductions and financial assistance for private investment projects. A number of American companies have taken advantage of these incentives over the years to establish facilities in Italy. The government is trying to create a "one office" concept so that potential investors have one source for all the information and permits they may require. At present, however, companies seeking information on these incentives should inquire at all of the following agencies:

1. Istituto per la Promozione Industriale, IPI
Viale Maresciallo Pilsudski 124
00197 Rome, Italy
Tel.: +39-06-8097-21
Fax: +39-06-8072-898
info@ipi.it
www.ipi.it
2. Ministero delle Attività Produttive
(Ministry of Productive Activities)
Direzione Generale per il Coordinamento degli Incentivi alle Imprese, DGCII
(Directorate for Coordination of Enterprise Incentives)
Via del Giorgione, 2/B
00147 Roma
Tel.: +39-06-5401-633
Fax: +39-06-5960-1226
www.minindustria.it
segreteria.pasca@minindustria.it
Prof. Roberto Pasca di Magliano, Dir. Gen.
roberto.pasca@minindustria.it
3. Sviluppo Italia S.p.A.
The National Agency for the development of enterprise and investment
development
Via Calabria 46
00187 Rome, Italy
Tel.: +39-06-421601
www.opportunitalia.it
info@sviluppoitalia.it
Ing. Massimo Caputi, Man. Dir.
4. Ministero dell'Economia e delle Finanze
(Ministry of the Economy and Finance)
Dipartimento del Tesoro
(Department of the Treasury)
Direzione IV Affari Legali (Legal Affairs)
Via Venti Settembre 97
00187 Roma
Tel.: +39-06-47611
+39-06-47614524/4089
Fax: +39-06-47412923
Contact: Avv. Roberto Ulissi
www.tesoro.it
roberto.ulissi@tesoro.it

Web Resources

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Sanpaolo IMI S.p.A.

www.sanpaoloimi.com

info@sanpaoloimi.com

carlo.persico@sanpaoloimi.com

losangeles.repoffice@sanpaoloimi.com

renato.carducci@sanpaolimi.com

Banca di Roma

www.bancaroma.it
webmaster@bancaroma.it
newyork@us.bdroma.com
Bdrny@earthlink.net
chicago@us.bdroma.com
Bdrchicago@aol.com
Bdrchjb@aol.com
sanfrancisco@us.bdroma.com
Bdrsf@opticemail.com

Banca Intesa S.p.A.

www.bancaintesa.it
info@bancaintesa.it
rsiwanowicz@bancaintesa.us

Banca Nazionale del Lavoro BNL S.p.A.

www.bnl.it
redazionebnl@bnlmail.com
comdiv@bnlny.com
bnlchicago@bnlny.com

Sanpaolo Banco di Napoli S.p.A.

www.bancodinapoli.com
info.bdn@sanpaoloimi.com

Banco di Sicilia S.p.A.

<http://www.bancodisicilia.it/>
sicilbanco@bancodisicilia.it

UniCredito Italiano S.p.A.

www.unicredito.it
info@unicredit.it
newyorkbranch@gruppocredit.it
repoffice@ucichicago.com

Banca Monte dei Paschi di Siena S.p.A.

www.mps.it
romeocarlo.cella@banca.mps.it

Istituto per la Promozione Industriale, IPI

info@ipi.it
www.ipi.it

Ministero delle Attività Produttive (Ministry of Productive Activities)

www.minindustria.it
segreteria.pasca@minindustria.it
roberto.pasca@minindustria.it

Sviluppo Italia S.p.A.

www.opportunitalia.it

info@sviluppoitalia.it

Ministero dell'Economia e delle Finanze (Ministry of the Economy and Finance)

www.tesoro.it

roberto.ulissi@tesoro.it

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Chapter 8: Business Travel

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Business Customs

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In general, what is considered good business practice in the United States also applies when doing business in Italy. Business people in Italy appreciate prompt replies to their inquiries, and expect all correspondence to be acknowledged. Conservative business attire is recommended at all times. Business appointments are required, and visitors are expected to be punctual. The "golden keys" of customary business courtesy, especially replying promptly to requests for price quotations and orders, are a prerequisite for exporting success. In general, European business executives are more formal than their American counterparts; therefore, it is best to refrain from using first names until a solid relationship has been formed. Italian business executives tend to use titles indicating their position in the firm. During the first stages of conducting business, it is best to let the prospective buyer take the lead since the American approach of "getting down to business" may be considered abrupt. Avoid commenting on political events or making negative comments about the country. Some positive and sincere observations about the Italian culture, style, art, history, cuisine, or music are always appropriate. Friendship and mutual trust are highly valued, and, once an American has established this relationship, a productive business association can usually be counted upon.

Italian buyers appreciate style, quality, and service, but are also interested in delivered price. Care must be taken to assure that stated delivery dates are maintained and that after-sales service is promptly honored. Italians, and Europeans in general, expect that, after placing an order with a supplier, the delivery date be honored. While numerous factors may interfere with prompt shipment, the U.S. exporter must allow for additional shipping time and keep in close contact with the buyer. Meeting delivery schedules is of prime importance. It is much better to quote a later delivery date that can be guaranteed than promise an earlier delivery that is not completely certain.

Travel Advisory

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Italy has a moderate rate of violent crime, some of which is directed toward tourists, principally for motives of theft. Petty crime (pick-pocketing, theft from parked cars, purse snatching) is a significant problem, especially in large cities. Most reported thefts occur at crowded tourist sites, on public buses, or at the major railway stations, including Rome's Termini, Milan's Centrale, Florence's Santa Maria Novella, and in Naples. More detailed information is available from the Department of State's Consular Information Sheet for Italy.

Contact the Bureau of Consular Affairs' homepage at:
http://www.travel.state.gov/travel/warnings_consular.html

Visa Requirements

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Every U.S. traveler must have a valid passport. No visa is required of U.S. citizens visiting Italy for less than 3 months, but one is required for longer stays. American citizens entering Italy must register at the police station (Questura) within 8 days of entering the country if they plan to stay more than 30 days. U.S. citizens planning to work in the country must first obtain a work visa in the U.S. from the Italian Embassy or an Italian Consulate. The Italian employer must first obtain approval for a work permit. This permit is usually granted only for specialized work or skills. The Italian employer files an application at a Provincial Labor Office. If clearance is granted, the prospective employer is further required to obtain a work permit with the approval of the regional and central authorities. The permit is then sent to the worker so that he or she may apply for the entry visa. There are Italian consular offices in all of the largest American cities. The application process should be initiated three to four months before the visa will be needed.

A person seeking to work in Italy in an independent or self-employed capacity files an application directly with the Italian Embassy or Consulate along with needed credentials demonstrating experience in the field of work.

U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

For further information concerning entry requirements for Italy, travelers can consult the Italian Embassy website at <http://www.italyemb.org>, contact the Consular Section of the Embassy of Italy at 3000 Whitehaven Street, NW, Washington, DC 20008, telephone: (202) 612-4400 or 612-4405, or fax 518-2154, or the nearest Italian Consulate General in Boston, Chicago, Detroit, Houston, Los Angeles, Miami, Newark, New York, Philadelphia, or San Francisco.

Telecommunications

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As in many Western European countries, Italy's telephone dialing procedures have changed and the city code has become part of each telephone number. An example of a local call within Rome would be: 06-46741 (06 is the city code). Incoming long distance calls to Italy also require that the "0" in the city code be included when dialing. An example of an incoming long distance call from the U.S. to Rome is as follows: +39-06-46741 (39 being the country code, 06 the city code for Rome). Milan's city code is 02. Italians are avid users of cellular phones and will generally provide their cellular telephone number. When dialing to cellular phones, please note that no city code is used. Also, the "0" has been dropped from the prefix of all cellular phone numbers. An example of an incoming call from the U.S. to a cellular phone is as follows: +39-328-6187041 (39 being the country code, 328 a sample cellular prefix).

For Internet access, there is an abundance of Internet stations and cafes. This is due to the relatively sparse ownership of personal computers in Italy. Many of these stations cater to tourists and also provide easy access to international calling.

Transportation

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Rental automobiles are available at numerous locations. An international or state driving license is acceptable.

Language

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Italian is the official language and is spoken in all parts of Italy, although some minority groups in the Alto Adige and Aosta regions speak German and French, respectively. Correspondence with Italian firms, especially for an initial contact, should be in Italian. If a reply comes in English then the subsequent correspondence with the Italian firm can be in English. The use of Italian is not only regarded as a courtesy, but assures prompt attention, and prevents inaccuracies that might arise in translation. Most large commercial firms are able to correspond in various languages in addition to English and Italian, but a business overture or proposal is given more serious attention if written in Italian.

The importance of having trade literature, catalogs, and instructions printed in Italian cannot be overemphasized. The agent representative in Italy who has such material is in a far better competitive position than the one who can only show literature in English to prospective customers and consumers.

Health

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Medical services are good and hospitals compare with those in the United States. Common medical needs are readily obtained, and special supplies are normally available on short notice, including most pharmaceuticals. An international certificate of vaccination is not required for travelers from the United States. Drinking water is acceptable and sanitation is at American standards.

Currency

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Italy, along with 12 other countries in Europe, adopted the euro as their single currency on January 1, 2002. The euro has become part of daily life, and euro notes and coins are in circulation. Italy's former currency, the lira, is no longer in circulation, although in some parts of Italy price quotations may still be seen, and receipts provided, with the lira value indicated alongside the euro cost.

Major U.S. credit cards are usually accepted with proper identification, such as a passport, but visitors should always ask if a particular card is accepted prior to ordering meals or making hotel reservations. Travelers' checks are accepted, but visitors should first inquire on the policy of the bank, hotel, or retail establishment before attempting to use them. Tipping is appropriate in Italy. Generally, tip waiters 10 percent if "servizio" has not been added to the check.

Local Time, Business Hours, and Holidays

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Local Time

The time zone for Italy is 6 hours ahead of U.S. Eastern Standard Time.

Business Hours

The usual Italian business hours are from 8 or 9 A.M. to Noon or 1 P.M. and from 3 to 6 or 7 P.M., Monday through Friday. Working hours for the various ministries of the government are normally from 8 A.M. to 2 P.M. without intermission. Bank hours are from 8:30 A.M. to 1:30 P.M. and 3:00-4:00 P.M.; they are closed on Saturdays and Sundays. Retail establishments are closed on Sundays although exceptions exist, primarily in tourist areas. In recent years, Italy has enacted legislation providing flexibility in retail store operating.

Holidays

Italian holidays must be taken into account when planning a business itinerary. July and August are not good months for conducting business in Italy since most business firms are closed for vacation during this period. The same is true during the Christmas and New Year period. Italian commercial holidays are listed below and are when most commercial offices and banks are closed. Certain other days are celebrated as holidays within local jurisdictions. Italian holidays are also observed by the U.S. Embassy and Consulates and should be considered when telephoning or visiting the U.S. and Foreign Commercial Service offices. When an Italian holiday falls on a Saturday, offices and stores are closed.

Listed below are Italian holidays for 2006:

January 1, Saturday	New Year's Day
January 6, Friday	Epiphany
April 16, Sunday	Easter Sunday
April 17, Monday	Easter Monday
April 25, Tuesday	Anniversary of the Liberation
May 1, Monday	Labor Day
June 2, Friday	Foundation of the Italian Republic
August 15, Tuesday	Assumption Day
November 1, Wednesday	All Saints' Day
December 8, Friday	Feast of the Immaculate Conception
December 25, Monday	Christmas Day
December 26, Tuesday	St. Stephen's Day

Patron Saint Days are observed by the following cities:

Milan:	December 7, 2005, Thursday	St. Ambrogio's Day
Florence & Genoa:	June 24, 2005, Saturday	St. John's Day
Rome:	June 29, 2005, Thursday	St. Peter and St. Paul's Day
Palermo:	July 15, 2005, Saturday	St. Rosalia's Day
Naples:	Sept. 19, 2005, Tuesday	St. Gennaro's Day

Temporary Entry of Materials and Personal Belongings

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Italy participates in the International Convention to Facilitate the Importation of Commercial Samples and Advertising Materials. Samples of negligible value imported to promote sales are accorded duty-free and tax-free treatment. Prior authorization is not required. To determine whether the samples are of negligible value, their value is compared with a commercial shipment of the same product. Granting of duty-free status may require that the samples be rendered useless for future sale by marking, perforating, cutting, or other means.

Imported samples of commercial value may be granted a temporary entry with exemption from custom charges. However, a bond or cash deposit may be required as security that the goods will be removed from the country. This security is the duty and tax normally levied plus 10 percent. Samples may remain in the country for up to 1 year. They may not be sold, put to their normal use (except for demonstration purposes), or utilized in any manner for remuneration. Goods imported as samples may be imported only in quantities constituting a sample according to normal commercial usage.

Carnets

As a result of various customs agreements, simplified procedures are available to U.S. business and professional people for the temporary importation of commercial samples and professional equipment. A carnet is a customs document that facilitates clearance for temporary imports of samples or equipment. With a carnet, goods may be imported without the payment of duty, tax, or additional security. The carnet also usually saves time since formalities are all arranged before leaving the United States. A carnet is usually valid for 1 year from the date of issuance. A bond or cash deposit of 40 percent of the value of the goods covered by the carnet is required, in addition

to the price of the carnet. This will be forfeited in the event the products are not re-exported and duties and taxes are not paid.

Carnets are sold in the United States by the U.S. Council for International Business at the following locations: 1212 Avenue of the Americas, New York, NY 10036, (212) 354-4480; or 1030 15th Street NW, Suite 800, Washington, DC 20005, (202) 371-1316, email at info@uscib.org

Business travelers to Italy seeking appointments with U.S. Embassy Rome officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at +39-06-4674-2382, fax at +39-06-4674-2113, or e-mail at Rome.Office.Box@mail.doc.gov

Electricity

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Electrical power supplies are generally 220 volts, 50 cycles, single-phase and 380 volts, 50 cycles, three-phase. Electricity at 60 cycles is not available. American appliances, such as electric shavers or hair dryers, do not work and will be damaged if used without a transformer. Service interruptions are rare and the frequency of the current is stable. The electrical plug is the standard plug B. This is a plug that has two round pins instead of the flat prongs. Some outlets may require different plugs in other parts of the country.

Web Resources

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Bureau of Consular Affairs' homepage: http://www.travel.state.gov/travel/warnings_consular.html

State Department Visa Website:
<http://travel.state.gov/visa/index.html>

State Department information site:
<http://travel.state.gov>

United States Visas:
<http://www.unitedstatesvisas.gov/>

Italian Embassy website:
<http://www.italyemb.org>

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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U.S. Commercial Service Web Site: www.buyusa.it

Commercial Service Contacts in U.S. Embassy Rome

Karen Ware
Minister Counselor for Commercial Affairs
Tel.: +39-06-4674-2202
Fax: +39-06-4674-2315
www.buyusa.com
[www.buyusa.gov/italy/en/
Rome.Office.Box@mail.doc.gov](http://www.buyusa.gov/italy/en/Rome.Office.Box@mail.doc.gov)

Linda Archer
Counselor for Commercial Affairs
Tel.: +39-06-4674-2382
Fax: +39-06-4674-2113
Rome.Office.Box@mail.doc.gov

Commercial Service Contacts at U.S. Consulates in Italy

Hans Amrhein
Principal Commercial Officer
American Consulate Milan
Via Principe Amedeo 2/10
20121 Milan, Italy
Tel.: +39-02-626-8851
Fax: +39-02-659-6561
Email: Milan.Office.Box@mail.doc.gov

Joseph White
Commercial Officer
American Consulate Milan
Tel.: +39-02-626-8851
Fax: +39-02-659-6561
Email: Milan.Office.Box@mail.doc.gov

Barbara Lapini
Commercial Specialist
American Consulate Florence
Lungarno A. Vespucci 38
50123 Florence, Italy
Tel.: +39-055-211-676
Fax: +39-055-283-780
Email: Florence.Office.Box@mail.doc.gov

Albina Parente
Commercial Specialist
American Consulate Naples
Piazza della Repubblica
80122 Naples, Italy
Tel.: +39-081-583-8206
Fax: +39-081-761-1592
Email: Naples.Office.Box@mail.doc.gov

Embassy Web Site: <http://italy.usembassy.it>

Contacts for the Foreign Agricultural Service in U.S. Embassy Rome
<http://rome.usembassy.gov/agtrade>

Geoffrey W. Wiggins
Minister Counselor for Agricultural Affairs
American Embassy
Via Veneto 119A
00187 Rome, Italy
Tel.: +39-06-4674-2362
Fax: +39-06-4788-7008
Email: agrome@usda.gov

Robin H. Gray
Agricultural Attachè
American Embassy
Via Veneto 119A
00187 Roma, Italy
Tel.: +39-06-4674-2362
Fax: +39-06-4788-7008
Email: agrome@usda.gov

Contacts in the Economic Section in U.S. Embassy Rome

Kathleen Reddy
A/Minister Counselor for Economic Affairs
American Embassy
Via Vittorio Veneto 119/A
00187 Rome, Italy
Tel.: +39-06-4674-2107
Fax: +39-06-4674-2398
Email: ReddyK@state.gov

Kathleen Reddy
Economic Counselor
Tel: +39-06-4674-2107
Fax: +39-06-4674-2398
Email: ReddyK@state.gov

AMERICAN CHAMBER OF COMMERCE IN ITALY

American Chamber of Commerce in Italy
Mario Resca, President
Via Cantu' 1
20123 Milano
Tel.: +39-02-869-0661
Fax: +39-02-805-7737
Email: amcham@amcham.it
Web: www.amcham.it

ITALIAN GOVERNMENT AGENCIES

Banca d'Italia
(Bank of Italy)
Credit Institutions Supervision Service
Via Nazionale 91
00184 Roma
Tel.: +39-06-47921
Web: www.bancaditalia.it

CONSOB-Commissione Nazionale per le Società e la Borsa
(Securities Regulatory Agency)
Via G.B. Martini 3
00198 Roma
Tel.: +39-06-847-71
Fax: +39-06-841-7707
Email: consob@consob.it
Web: www.consob.it

The Italian Embassy
Commercial Section
3000 Whitehaven St. N.W.
Washington, DC 20008
Tel.: (202) 612-4400
Fax: (202) 518-2154
Web: www.italyemb.org

Ente Nazionale Italiano per il Turismo (ENIT)
Italian Government Tourist Board
630 Fifth Avenue, Suite 1565
New York, NY 10111
Tel.: (212) 245-4822/245-5618
Fax: (212) 586-9249
Email: enitny@italiantourism.com
Web: www.italiantourism.com

The Italian Trade Commission
(Assists in locating Italian suppliers and products.)
Offices are located in the following cities:

ITC Atlanta
2301, Peachtree Center - Harris Tower
233, Peachtree Street N.E.
P.O.Box 56689
Atlanta Georgia 30343
Tel.: (404) 525-0660
Fax: (404) 525 -5112
Email: atlanta@atlanta.ice.it
Web: <http://www.italtrade.com>

ITC Chicago
401, North Michigan Avenue
Suite 3030
Chicago, Illinois 60611
Tel.: (312) 670-4360
Fax: (312) 670-5147
Email: chicago@chicago.ice.it
Web: www.italtrade.com

ITC Los Angeles
1801 Avenue of the Stars
Suite 700
Los Angeles, CA 90067
Tel.: (323) 879-0950
Fax: (310) 203-8335
Email: losangeles@losangeles.ice.it
Web: www.italtrade.com

ITC Miami
4000 Ponce de Leon
Suite 590
Coral Gables, FL 33146
Miami
Tel.: (305) 461-3896
Fax.: (305) 374-7945
Email: icemiami@italtrade.com
Web: www.italtrade.com

ITC New York
33 East 67th Street
New York, NY 10021-5949
Tel.: (212) 980-1500
Fax: (212) 758-1050
Email: newyork@newyork.ice.it
Web: www.italtrade.com

Ministero dell'Economia e delle Finanze
(Ministry of the Economy and Finance)
Mario Andrea Guaiana, Director
Agenzia delle Dogane (Customs Agency)
Via M. Carucci 71
00143 Roma
Tel.: +39-06-5024-1
Fax: +39-06-5024-2143
Email: dogane.direttore@agenziadogane.it

Web: www.agenziadogane.it

Istituto Nazionale per il Commercio Estero (ICE)
Italian Trade Commission
Viale Liszt 21
00144 Roma
Tel.: +39-06-5992-1
Fax: +39-06-5992-6899
Email: ice@ice.it
Web: www.ice.gov.it

Ente Nazionale Italiano di Unificazione (UNI)
(National Standardization Board)
Via Battistotti Sassi 11/B
20133 Milano
Tel.: +39-02-700-241
Fax: +39-02-7010-5992/02-7010-6106
Email: uni@uni.com
Web: www.uni.com

Ministero delle Attività Produttive
(Ministry of Productive Activities)
Ufficio Italiano Brevetti e Marchi
(Italian Patent and Trademark Office)
Via Molise 19
00187 Rome
Tel.: +39-06-4705-5654
Fax: +39-06-4705-3063
Email: info@uibm.gov.it
Web: www.uibm.gov.it
www.european-patent-office.org/

Ministero per i Beni e le Attività Culturali
(Ministry of Cultural Heritage and Activities)
Diritto d'Autore e Vigilanza sulla SIAE
(Copyright and Supervision on SIAE)
Segretariato Generale Servizio XI
Via Della Ferratella in Laterano 51
Tel.: +39-06-7770-1203/06-7770-1208
Fax: +39-06-7770-1244
Email: dirittoautore@beniculturali.it

OFFICIAL ITALIAN AGRICULTURAL CONTACTS

Ministero delle Politiche Agricole e Forestali
(Ministry of Agricultural and Forestal Policies)
Via XX Settembre 20
00187 Roma
Tel.: +39-06-46651
Fax: +39-06-474-2314
Web: www.politicheagricole.it

Ministero della Salute
(Ministry of Health)
Directorate General for Veterinary Health, Food and Nutrition (U.V.A.C.)

Piazzale Marconi 25
Palazzo Italia
00144 Eur-Roma
Tel.: +39-06-5994-6890
Fax: +39-06-5994-6891
Web: www.ministerosalute.it

ITALIAN TRADE ASSOCIATIONS

GENERAL/INDUSTRIAL:

ABI - Associazione Bancaria Italiana
(Italian Banking Association)
Piazza del Gesù 49 (Palazzo Altieri)
00186 Roma
Tel.: +39-06-67671
Fax: +39-06-6767-457
Email: abi@abi.it
Web: www.abi.it

AIAD – Associazione Industrie per l'Aerospazio, i Sistemi e la Difesa
(Italian Association of Aerospace and Defense Industries)
Via Nazionale 54
00184 Roma
Tel: +39-06-488-0247
Fax: +39-06-482-7476
Email: aiad@aiad.it
Web: www.aiad.it

AIDDA - Associazione Imprenditrici e Donne Dirigenti d'Azienda
(Italian Association of Women Entrepreneurs and Business Executives)
Via degli Scialoja 18
00196 Roma
Tel.: +39-06-3230-578
Fax: +39-06-3230-562
Email: aidda@aidda.org
Web: www.aidda.org

ANCE - Associazione Nazionale Costruttori Edili
(Italian Association of Building Contractors)
Via Guattani, 16 - 00161 Roma –
Tel.: +39-06-845-671
Fax: +39-06-8456-7550
Email: info@ance.it
Web: www.ance.it

ANFIA - Associazione Nazionale fra Industrie Automobilistiche
(Italian Automotive Industry Association)
Corso Galileo Ferraris 61
10128 Torino
Tel.: +39-011-554-6511/011-554-6505
Fax: +39-011-545-986
Email: anfia@anfia.it
Web: www.anfia.it

ANIA - Associazione Nazionale fra le Imprese Assicuratrici
(Italian Association of Insurance Companies)
Via della Frezza 70
00186 Roma
Tel.: +39-06-326-881
Fax: +39-06-322-7135
Email: info@ania.it
Web: www.ania.it

ANIE – Associazione Nazionale Imprese Elettroniche ed Elettriche
(Italian Association of Electrical and Electronic Industries)
Via Gattamelata 34
20149 Milano
Tel: +39-02-326-41
Fax: +39-02-326-4212
Email: info@anie.it
Web: www.anie.it

ASSINFORM – Associazione Nazionale Produttori Tecnologie e Servizi per l'Informazione e la Comunicazione
(Italian Association of Office Machine Industries)
Via Larga 23
20122 Milano
Tel: +39-02-583-04141
Fax: +39-02-583-04457
Email: assinform@assinform.it
Web: www.assinform.it

ASSOFRANCHISING - Associazione Italiana del Franchising
(Italian Franchising Association)
Viale Majno, 42
20129 Milano
Tel.: +39-02-2900-3779/02-3656-9461
Fax. +39-02-655-5919
Email: assofranchising@assofranchising.it
Web: www.assofranchising.it

CONFAGRICOLTURA - Confederazione Generale dell'Agricoltura Italiana
(General Confederation of Italian Agriculture)
Corso Vittorio Emanuele II 101
00186 Roma
Tel.: +39-06-685-21
Fax: +39-06-6830-8578/06-686-1726
Email: info@confagricoltura.it
Web: www.confagricoltura.it

CONFAPI - Confederazione Italiana della Piccola e Media Industria
(Italian Confederation of Small and Medium Industries)
Via della Colonna Antonina 52
00186 Roma
Tel.: +39-06-690-151
Fax: +39-06-679-1488
Email: mail@confapi.org
Web: www.confapi.org

CONFARTIGIANATO - Confederazione Generale Italiana dell'Artigianato
(Italian General Confederation of Craft)
Via San Giovanni in Laterano 152
00184 Roma
Tel.: +39-06-703-741
Fax: +39-06-7045-2188
Email: confartigianato@mail.confartigianato.it
Web: www.confartigianato.it

CONFCOMMERCIO - Confederazione Generale Italiana del Commercio, del Turismo, dei Servizi e delle P.M.I.
(Italian General Confederation of Trade, Tourism, Services, and Small and Medium Enterprises)
Piazza G.G. Belli 2
00153 Roma
Tel.: +39-06-586-61
Fax: +39-06-580-9425
Email: confcommercio@confcommercio.it
Web: www.confcommercio.it

CONFETRA – Confederazione Generale del Traffico e dei Trasporti
(Italian General Confederation of Transport Enterprises)
Via Panama 62
00198 Roma
Tel: +39-06-855-9151
Fax: +39-06-841-5576
Email: confetra@confetra.com
Web: www.confetra.com

CONFINDUSTRIA - Confederazione Generale dell'Industria Italiana
(The Confederation of Italian Industry is a principal trade association in Italy acting as an umbrella organization covering numerous industry trade associations)
Maurizio Beretta, General Director
Viale dell'Astronomia 30
00144 Roma
Tel.: +39-06-590-031
Fax: +39-06-590-3392
Email: a.tripodi@confindustria.it
Web: www.confindustria.it

FARMAINDUSTRIA – Associazione Nazionale dell'Industria Farmaceutica
(Italian National Association of Pharmaceutical Industries)
Largo del Nazareno 3/8
00187 Roma
Tel: +39-06-675-801
Fax: +39-06-678-6494
Web: www.farminindustria.it

FEDERACCIAI – Federazione Imprese Siderurgiche Italiane
(Italian Federation of Steel Industries)
Viale Sarca 336
20126 Milano
Tel: +39-02-661-461
Fax: +39-02-661-46209
Email: direzione@federacciai.it
Web: www.federacciai.it

FEDERCHIMICA – Federazione Nazionale dell'Industria Chimica
(Italian Federation of Chemical Industries)
Via Giovanni da Procida 11
20149 Milano
Tel: +39-02-345-651
Fax: +39-02-345-65310
Email: federchimica@federchimica.it
Web: www.federchimica.it

FEDERLEGNO – Federazione Italiana delle Industrie del Legno, del Sughero, del Mobile e dell'Arredamento
(Italian Federation of Wood Product Industries)
Foro Bonaparte 65
20121 Milano
Tel: +39-02-806041
Fax: +39-02-80604391
Email: fla@federlegno.it
Web: www.federlegnoarredo.com

UCINA - Unione Nazionale Cantieri e Industrie Nautiche ed Affini
(Italian National Union of Shipyards, Nautical Industries and Related Sectors)
Piazzale J. F. Kennedy 1
16129 Genova
Tel.: +39-010-576-9811
Fax: +39-010-553-1104
Email: ucina@ucina.it
Web: www.ucina.net

UNIONCAMERE - Unione Italiana delle Camere di Commercio Industria Agricoltura e Artigianato
(Italian Union of the Chambers of Commerce, Industry, Handicraft and Agriculture)
(Umbrella organization responsible for all chambers of commerce in Italy)
Piazza Sallustio 21
00187 Roma
Tel.: +39-06-470-41
Fax: +39-06-489-070-4240
Email: segreteria.generale@unioncamere.it
Web: www.unioncamere.it

UNIONPLAST – Unione Nazionale Industrie Trasformatori Materie Plastiche
(Italian Union of Plastic Industries)
Via San Vittore 36
20123 Milano
Tel: +39-02-439-281
Fax: +39-02-435-432
Email: unionplast@unionplast.org
Web: www.unionplast.org

AGRICULTURAL:

FEDERCOMLEGNO (Wood Trade Federation)
Via Toscana 10
00187 Roma
Tel.: +39-06-4200-681
Fax: +39-06-4201-2236
Email: federconlegno@confcommercio.it

Web: www.federlegno.it/associazioni/fedecomlegno

FEDERAGROALIMENTARE

Via Gigli d'Oro 21

00186 Roma

Tel.: +39-06-688-291

Fax: +39-06-689-3409

Email: fedagri@confcooperative.it

Web: www.fedagri.confcooperative.it

ITALIAN MARKET RESEARCH FIRMS

ACNielsen Italia S.p.a.

Via Giuseppe. di Vittorio 10

20094 Corsico (MI)

Tel.: +39-02-451-971

Fax: +39-02-458-66235

Web: www.acnielsen.it

C.R.A. Customized Research & Analysis

Via Montecuccoli 32

20147 Milano

Tel. +39-02-414-921

Fax. +39-02-412-71623

C.R.A.

Via Tagliamento 25

00198 Roma

Tel. +39-06-884-2039

Fax. +39-06-884-1870

Email: info@cra-research.com

Web: www.cra-research.com

Databank S.p.A.

Via dei Piatti 11

20123 Milano

Tel.: +39-02-809-556

Fax: +39-02-805-6495

Email: info@databank.it

Web: www.databank.it

Demoskopea S.p.a

Via Rubicone 41

00199 Roma

Tel.: +39-06-853-7521

Fax.: +39-06-853-50175

Email: roma@demoskopaea.it

Web: www.demoskopaea.it

IMR Inter@ctive Market Research

Via Scarlatti 150

80127 Napoli

Tel. +39-081-229-2473

Fax. +39-081-229-2463

Email: info@imrgroup.com

Web: www.imrgroup.com

M&T Marketing & Trade S.r.l.
Corso di Porta Ticinese 60
20123 Milano
Tel. +39-02-894-02219
Fax. +39-02-581-01117
Email: segreteria@marketingtrade.it
Web: www.marketingtrade.it

Pragma S.r.l.
Via Nizza 152-154
00198 Roma
Tel: +39-06-844-881
Fax: +39-06-844-88298
Email: pragma@pragma-research.it
Web: www.pragma-research.it

ITALIAN COMMERCIAL BANKS

Sanpaolo Banco di Napoli S.p.A.
Via Toledo 177/178
80132 Naples
Tel.: +39-081-791-1111
Fax: +39-081-580-1343
Web: www.sanpaolobancodinapoli.com

Capitalia Gruppo Bancario
(Established on July 1, 2002, the Capitalia Banking Group centralized strategy and governance for three traditional banks - Banca di Roma, Banco di Sicilia, Bipop-Carire- the consumer bank- Fineco- and the business bank- MCC. Its main activity is the management of capital in every possible form)
Via Minghetti 17
00187 Roma
Tel.: +39-06-54451
Web: www.capitalia.it

Banca di Roma
Viale Umberto Tupini 180
00144 Roma
Tel.: +39-06-54451
Email: webmaster@bacaroma.it
Web: www.bancaroma.it

Banco di Sicilia S.p.A.
Via Generale Magliocco 1
90141 Palermo
Tel.: +39-091-608-1111
Fax: +39-091-608-3222
Email: sicilbanco@bancodisicilia.it
Web: www.bancodisicilia.it

Banca Intesa S.p.A.

(The integration between Cariplo and Banco Ambrosiano Veneto (1998), the aggregation of Cassa di Risparmio di Parma e Piacenza and Banca Popolare FriulAdria (1999) and the subsequent merger with Banca Commerciale Italiana (2001) are the milestones of a process which has made IntesaBci the top Italian banking group and one of the protagonists in the European financial arena)

Via Monte di Piet  8

20121 Milano

Tel.: +39-02-879-11

Email: info@bancaintesa.it

Web: www.bancaintesa.it

Banca Nazionale del Lavoro BNL S.p.A.

Via Vittorio Veneto 119

00187 Roma

Tel.: +39-06-470-21

Fax: +39-06-4702-7884

Email: redazionebnl@bnlmail.com

Web: www.bnl.it

UniCredito Italiano S.p.A.

Direzione Centrale

Piazza Cordusio

20121 Milano

Tel.: +39-02-886-211

Email: info@unicredit.it

Web: www.unicredito.it

Banca Monte dei Paschi di Siena S.p.A.

Piazza Salimbeni 3

53100 Siena

Tel.: +39-0577-294-111

Fax: +39-0577-294-677

Web: www.mps.it

Sanpaolo IMI S.p.A.

Piazza San Carlo 156

10121 Torino

Tel.: +39-011-5551

Email: info.bdn@sanpaoloimi.com

Web: www.sanpaolo.com

WASHINGTON-BASED U.S. GOVERNMENT CONTACTS FOR ITALY

For a complete list of U.S. Export Assistance Centers throughout the United States please consult:

U.S. Department of Commerce

Trade Information Center

Tel.: 1-800-USA-TRADE

<http://www.buyusa.gov/>

U.S. Department of Commerce

Market Access & Compliance Office

Robert McLaughlin

Italy Desk Officer

Room H-3042
14th Street and Constitution Ave, NW
Washington, DC 20230
Tel.: (202) 482-3748
Fax: (202) 482-2897
Email: Robert_McLaughlin@ita.doc.gov
Web: www.mac.doc.gov

U.S. Department of Agriculture
Foreign Agricultural Service
1400 Independence Ave. S.W.
Washington, DC 20250
Trade assistance and promotion office:
Tel.: (202) 720-7420
Web: www.usda.gov

Overseas Private Investment Corporation
1100 New York Avenue, NW
Washington, DC 20527
Tel.: (202) 336-8400
Fax: (202) 408-9859
Email: info@opic.gov
Web: www.opic.gov

U.S. - BASED MULTIPLIERS RELEVANT FOR ITALY

National Italian American Foundation (NIAF)
(NIAF conducts cultural and educational events, sponsors exchange programs, works to enhance cultural, political, and economic relations between the United States and Italy and serves as an advocacy group)
1860 19th Street, NW
Washington, DC 20009
Tel.: (202) 387-0600
Fax: (202) 387-0800
Web: www.niaf.org

Delegation of the European Commission to the United States
2300 M Street, NW
3rd Floor
Washington, DC 20037
Tel.: (202) 862-9500
Fax: (202) 429-1766
Web: www.eurunion.org

AGRICULTURAL CONTACTS BY INDUSTRY

For the U.S.-based multipliers listed below when dialing from Italy, the country code **001** is to be dialed before dialing the listed phone number. Also, the European Based Multipliers whose listed offices are listed below must be reached by dialing **011** before the telephone numbers as needed.

Ag Export Councils

National Association of State Departments of Agriculture (NASDA)
Richard Kirchhoff, Chief Executive Officer
Dewit Ashby, Director, Trade Shows
1156 15th Street, N.W.

Suite 1020
Washington, DC 20005-1704
Tel.: (202) 296-9680
Fax: (202) 296-9686
Email: dewitt@nasda-hg.org
Web: www.nasda.org

Forest and Fishery Products

American Hardwood Export Council
1111 19th Street, N.W., Suite 800
Washington, DC 20036
Mike Snow, Executive Director
Tel.: (202) 463-8878
Fax: (202) 463-2787
Email: michael_snow@afandpa.org
Web: www.ahec.org

Softwood Export Council
520 SW Sixth Avenue, Suite 810
Portland, OR 97204-1514
Craig Larsen, President
Tel.: (503) 248-0406
Fax: (503) 248-0399
Email: clarsen@softwood.org
Web: www.softwood.org

Grain and Feed

The Pet Food Institute
2025 M Street, N.W.
Suite 800
Washington, DC 20036
Carol Jewel, Administrator
Tel.: (202) 367-1120
Fax: (202) 367-2120
Email: info@petfoodinstitute.org
Web: www.petfoodinstitute.org

Horticultural and Tropical Products

California Ag Export Council
915 L Street, #C 409
Sacramento, CA 95814
Frederick W. Klose, Executive Director
Tel.: (916) 638-8986
Fax: (916) 638-8993
Fred Klose, Manager
Email: fklose@smtpl.cdfa.ca.gov
Web: <http://caec.net>

Organic Trade Association
P.O. Box 547
Greenfield, MA 01302
Philip Margolis, President

Tel.: (413) 774-7511
Fax: (413) 774-6432
Email: info@ota.com
Web: www.ota.com

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

<http://www.buyusa.gov/italy/en/tradeevents.html>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/italy/en/>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website:

<http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.